

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
WACO DIVISION

CITIZENS STATE BANK,
§
Plaintiff,
§
v.
§
MICHAEL SCOTT LESLIE, MONTAGE
MORTGAGE, LLC, SNOWBERRY
SETTLEMENTS, LLC, MORTGAGE
CAPITAL MANAGEMENT, LLC,
TRAVELERS BOND AND SPECIALTY
INSURANCE, TRAVELERS CASUALTY
AND SURETY COMPANY OF AMERICA,
and THE TRAVELERS INDEMNITY
COMPANY,
§
Defendants.
§
CIVIL ACTION NO.
6:18-cv-237

EXHIBIT 1

State Court Lawsuit

MCLENNAN DISTRICT CLERK

501 Washington Avenue, Suite 300 Annex

Waco, TX, 76701

PHONE #: (254) 757-5057

FAX : N/A

DOCKET SHEET - CIVIL CASE

DOCKET NO.: 2017-4071-5

CASE STATUS: PENDING FILED DATE: 12/06/2017

TJC CODE: ALL OTHER C

STYLE: CITIZENS STATE BANK vs MICHAEL SCOTT LESLIE ET AL

DISPOSITION:

DISPOSED: N/A

TJC CODE:

TYPE	PARTY	ATTORNEY
PLAINTIFF	CITIZENS STATE BANK	CHRISTOPHER B TROWBRIDGE
	0	3232 MCKINNEY AVE, STE 140 DALLAS TX
DEFENDAN	MICHAEL SCOTT LESLIE	
	6308 SNOWBERRY LANE Longmont CO 80503	0
DEFENDAN	MONTAGE MORTGAGE, LLC	
	C/O AMERICAN MORTGAGE LICENSING, LLC Rockwall TX	0
DEFENDAN	SNOWBERRY SETTLEMENTS, LLC	
	357 MCCASLIN BLVD, STE 200 Louisville CO 80027	0
DEFENDAN	MORTGAGE CAPITAL MANAGEMENT, LLC	
	2121 EISENHOWER AVE, STE 200 Alexandria VA 22314	0
DEFENDAN	TRAVELERS INDEMNITY COMPANY	
	C/O CORPORATION SERVICE COMPANY AUSTIN TX 78701	0
DEFENDAN	TRAVELERS BOND AND SPECIALTY INSURANCE	
	C/O CORPORATION SERVICE COMPANY AUSTIN TX 78701	0
DEFENDAN	TRAVELERS CASUALTY AND SURETY COMPANY OF AM	
	C/O CORPORATION SERVICE COMPANY AUSTIN TX 78701	0
OTHER	TEXAS SECRETARY OF STATE	
	0	0

HEARING NOTES: 2017-4071-5

DATE	TEXT
12/06/2017	CIVIL CASE INFORMATION SHEET
12/06/2017	ORIGINAL PETITION
12/08/2017	REQUEST FOR ISSUANCE
12/08/2017	CITATION ISSUED TO MICHAEL SCOTT LESLIE
12/08/2017	CITATION ISSUED TO TEXAS SECRETARY OF STATE
12/08/2017	CITATION ISSUED TO MONTAGE MORTGAGE, LLC
12/08/2017	CITATION ISSUED TO SNOWBERRY SETTLEMENTS, LLC
12/08/2017	CITATION ISSUED TO TEXAS SECRETARY OF STATE
12/08/2017	CITATION ISSUED TO MORTGAGE CAPITAL MANAGEMENT, LLC
12/08/2017	CITATION ISSUED TO TEXAS SECRETARY OF STATE
12/08/2017	E-FILE INFORMATION SHEET
12/27/2017	RETURNED CITATION MONTAGE MORTGAGE LLC
12/27/2017	E-FILE INFORMATION SHEET
07/06/2018	FIRST AMENDED ORIGINAL PETITION
07/06/2018	LETTER DATED 7/6/2018 REQUESTING ISSUANCE
07/06/2018	E-FILE INFORMATION SHEET

MCLENNAN DISTRICT CLERK

501 Washington Avenue, Suite 300 Annex

Waco, TX, 76701

PHONE #: (254) 757-5057

FAX: N/A

DOCKET SHEET - CIVIL CASE

CASE NO.: 2017-4071-S

STYLE: CITIZENS STATE BANK V. MICHAEL SCOT

07/06/2018	E-FILE INFORMATION SHEET
07/09/2018	CITATION ISSUED TO MICHAEL SCOTT LESLIE
07/09/2018	CITATION ISSUED TO TEXAS SECRETARY OF STATE
07/09/2018	CITATION ISSUED TO SNOWBERRY SETTLEMENTS, LLC
07/09/2018	CITATION ISSUED TO TEXAS SECRETARY OF STATE
07/09/2018	CITATION ISSUED TO MORTGAGE CAPITAL MANAGEMENT, LLC
07/09/2018	CITATION ISSUED TO TEXAS SECRETARY OF STATE
07/16/2018	RETURNED CITATION MICHAEL S LESLIE
07/16/2018	RETURNED CITATION SNOWBERRY SETTLEMENTS LLC
07/16/2018	RETURNED CITATION MORTGAGE CAPITAL MANAGEMENT
07/17/2018	PLAINTIFF'S SECOND AMENDED ORIGINAL PETITION
07/17/2018	E-FILE INFORMATION SHEET
07/18/2018	E-FILE INFORMATION SHEET //PE (AMD PET)
07/30/2018	PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION
07/30/2018	E-FILE INFORMATION SHEET //PE (AMD PET)
08/13/2018	REQUEST FOR ISSUANCE (C1N TRAVELERS BOND AND SPECIALTY INSURANCE)
08/13/2018	E-FILE INFORMATION SHEET
08/13/2018	REQUEST FOR ISSUANCE (C1N TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA)
08/13/2018	E-FILE INFORMATION SHEET
08/13/2018	REQUEST FOR ISSUANCE (C1N THE TRAVELERS INDEMNITY COMPANY)
08/13/2018	E-FILE INFORMATION SHEET
08/14/2018	CITATION ISSUED TO TRAVELERS BOND AND SPECIALTY INSURANCE
08/14/2018	CITATION ISSUED TO TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
08/14/2018	CITATION ISSUED TO TRAVELERS INDEMNITY COMPANY

MCLENNAN DISTRICT CLERK

501 Washington Avenue , Suite 300 Annex

Waco , TX , 76701

PHONE # : (254) 757-5057

FAX : N/A

DOCKET SHEET - CIVIL CASE

CASE NO.: 2017-4071-5

STYLE: CITIZENS STATE BANK Vs. MICHAEL SCOT

DOCKET ENTRY

CIVIL CASE INFORMATION SHEET

CAUSE NUMBER (FOR CLERK USE ONLY):

2017-4071-5

COURT (FOR CLERK USE ONLY):

STYLED CITIZENS STATE BANK v. MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC, SNOWBERRY SETTLEMENTS, LLC, AND MORTGAGE CAPITAL MANAGEMENT, LLC

(e.g., John Smith v. All American Insurance Co; In re Mary Ann Jones; In the Matter of the Estate of George Jackson)

A civil case information sheet must be completed and submitted when an original petition or application is filed to initiate a new civil, family law, probate, or mental health case or when a post-judgment petition for modification or motion for enforcement is filed in a family law case. The information should be the best available at the time of filing.

1. Contact information for person completing case information sheet:

Name: Kristopher D. Hill Email: khill@bellnunnally.com
 Address: Bell Nunnally & Martin, LLP
3232 McKinney Ave., Suite 1400
 City/State/Zip: Dallas, Texas 75204
 Signature: /s/ Kristopher D. Hill

Names of parties in case:

Plaintiff(s)/Petitioner(s): Citizens State Bank

Person or entity completing sheet is:

Attorney for Plaintiff/Petitioner
 Pro Se Plaintiff/Petitioner
 Title IV-D Agency
 Other:

Additional Parties in Child Support Case:

Custodial Parent: 2Non-Custodial Parent: 1Presumed Father: 6

2. Indicate case type, or identify the most important issue in the case (select only 1):

Civil

Debt/Contract

Consumer/DTPA
 Debt/Contract
 Fraud/Misrepresentation
 Other Debt/Contract: Debt

Foreclosure

Home Equity—Expedited
 Other Foreclosure
 Franchise
 Insurance
 Landlord/Tenant
 Non-Competition
 Partnership
 Other Contract: Debt

Injury or Damage

Assault/Battery
 Construction
 Defamation
 Malpractice
 Accounting
 Legal
 Medical
 Other Professional Liability

Motor Vehicle Accident

Premises
 Product Liability
 Asbestos/Silica
 Other Product Liability
 List Product: _____

Other Injury or Damage:

Real Property

Eminent Domain/
Condemnation
 Partition
 Quiet Title
 Trespass to Try Title
 Other Property:

Related to Criminal

Expunction
 Judgment Nisi
 Non-Disclosure
 Seizure/Forfeiture
 Writ of Habeas Corpus—
Pre-indictment
 Other:

Matters

Marriage Relationship

Annulment
 Declare Marriage Void
 Divorce
 With Children
 No Children

Other Family Law

Enforce Foreign
Judgment
 Habeas Corpus
 Name Change
 Protective Order
 Removal of Disabilities
of Minority
 Other:

Post-Judgment Actions (non-Title IV-D)

Enforcement
 Modification—Custody
 Modification—Other

Title IV-D

Enforcement/Modification
 Paternity
 Reciprocals (UIFSA)
 Support Order

Employment

Discrimination
 Retaliation
 Termination
 Workers' Compensation
 Other Employment: _____

Tax

Tax Appraisal
 Tax Delinquency
 Other Tax

Other Civil

Administrative Appeal
 Antitrust/Unfair Competition
 Code Violations
 Foreign Judgment
 Intellectual Property

Lawyer Discipline
 Perpetuate Testimony
 Securities/Stock
 Tortious Interference
 Other:

Probate & Mental Health

Guardianship—Adult
 Guardianship—Minor
 Mental Health
 Other:

3. Indicate procedure or remedy, if applicable (may select more than 1):

Appeal from Municipal or Justice Court
 Arbitration-related
 Attachment
 Bill of Review
 Certiorari
 Class Action

Declaratory Judgment
 Garnishment
 Interpleader
 License
 Mandamus
 Post-judgment

Prejudgment Remedy
 Protective Order
 Receiver
 Sequestration
 Temporary Restraining Order/Injunction
 Turnover

4. Indicate damages sought (do not select if it is a family law case):

Less than \$100,000, including damages of any kind, penalties, costs, expenses, pre-judgment interest, and attorney fees
 Less than \$100,000 and non-monetary relief
 Over \$100,000 but not more than \$200,000
 Over \$200,000 but not more than \$1,000,000
 Over \$1,000,000

CAUSE NO. 2017-4071-5

CITIZENS STATE BANK,

Plaintiff,

v.

MICHAEL SCOTT LESLIE,
MONTAGE MORTGAGE, LLC,
SNOWBERRY SETTLEMENTS, LLC,
and MORTGAGE CAPITAL
MANAGEMENT, LLC,

Defendants.

IN THE DISTRICT COURT OF

MCLENNAN COUNTY, TEXAS

44TH JUDICIAL DISTRICT

ORIGINAL PETITION

Plaintiff Citizens State Bank ("Citizens") complains of Defendants Michael Scott Leslie ("Leslie"), Montage Mortgage, LLC ("Montage"), Snowberry Settlements, LLC ("Snowberry"), and Mortgage Capital Management, LLC ("MCM") (collectively, "Defendants").

PRELIMINARY STATEMENT

1. This case is based on a scam orchestrated by Leslie and his tangled web of affiliates—Montage, Snowberry, and MCM—to steal at least \$3,872,745 from Citizens. While the depth of Leslie's fraudulent scam runs deep, he has specifically confessed to inducing Citizens into wiring funds to purchase phantom interests in 12 fictitious mortgage loans.

DISCOVERY CONTROL PLAN

2. Discovery shall be conducted under Level 2. See TEX. R. CIV. P. 190.3.

PARTIES

3. Plaintiff Citizens is a Texas financial institution.
4. Defendant Leslie is an individual who resides at 6308 Snowberry Lane, Niwot, Colorado 80503. Leslie has done business in Texas by forming and operating businesses in Texas, entering contracts to perform obligations in Texas, and committing torts in Texas.

Leslie may be served with process at his residence, wherever he may be found, or by serving a copy of this petition and citation on the Secretary of State of Texas, Leslie's statutorily designated agent for service of process, at Citations Unit, P.O. Box 12079, Austin, Texas 78711-2079 or 1019 Brazos Street, Austin, Texas 78701. The Texas Secretary of State shall mail a copy of the petition and citation to Leslie's residence at 6908 Snowberry Lane, Niwot, Colorado 80503.

5. Defendant Montage is a Texas limited liability company authorized to conduct business in Texas. Montage may be served with process through its registered agent, American Mortgage Licensing, LLC ("AML"), at 805 Country Club Dr., Heath, Texas 75032. AML's registered agent, Michael Crouse, may be served with process on behalf of AML and Montage at 805 Country Club Dr., Heath, Texas 75032, or wherever he may be found.

6. Defendant Snowberry is a Colorado limited liability company organized and formed by Leslie and doing business in Texas by contracting to perform an obligation in Texas and committing torts in Texas. Snowberry may be served with process through its registered agent, Barbara Stricklin, at 6908 Snowberry Lane, Niwot, Colorado 80503, or wherever she may be found. Snowberry has engaged in business in the State of Texas, but does not maintain a designated agent for service of process in Texas. Therefore, Snowberry may be served with citation through the Secretary of State for the states of Texas at Citations Unit, P.O. Box 12079, Austin, Texas 78711-2079 or 1019 Brazos Street, Austin, Texas 78701. The Texas Secretary of State shall mail a copy of the citation and the petition to Snowberry at Snowberry Settlements, LLC c/o Registered Agent Barbara Stricklin, 6908 Snowberry Lane, Niwot, Colorado 80503.

7. Defendant MCM is a Colorado limited liability company organized and formed by Leslie and doing business in Texas by contracting to perform an obligation in Texas and

committing torts in Texas. MCM may be served with process through its registered agent, Rick Jenkins, at 5200 S. Ulster St., Suite 1504, Denver Colorado 80111, or wherever he may be found. MCM has engaged in business in the State of Texas, but does not maintain a designated agent for service of process in Texas. Therefore, MCM may be served with citation through the Secretary of State for the states of Texas at Citations Unit, P.O. Box 12079, Austin, Texas 78711-2079 or 1019 Brazos Street, Austin, Texas 78701. The Texas Secretary of State shall mail a copy of the citation and the petition to MCM at the following addresses: Mortgage Capital Management, LLC, c/o Registered Agent Rick Jenkins, 5200 S. Ulster St., Suite 1504, Denver Colorado 80111 and Mortgage Capital Management, LLC, c/o, Michael Scott Leslie, 2121 Eisenhower Avenue, Suite 200, Alexandria, Virginia.

JURISDICTION

8. Citizens seeks monetary relief over \$1,000,000; and the damages sought by Citizens are within the jurisdictional limits of the court. *See Tex. R. Civ. P. 47(b), (c)(5).*

VENUE

9. Venue is proper in McLennan County, Texas because a substantial part of the events or omissions giving rise to the claims asserted occurred in McLennan County, Texas.

FACTUAL BACKGROUND

A. Citizens State Bank

10. Citizens is a financial institution that has provided community-banking services to customers throughout central and southeast Texas for over 98 years. Citizens' core back-office departments, including its finance, accounting, human resources, marketing, and warehouse lending departments, are based in McLennan County, Waco, Texas.

11. Citizens operates a warehouse mortgage lending program, internally referred to as its "Temporary Mortgage Participation Program" or "TMPP". In a typical TMPP

transaction, Citizens provides a funding facility to a licensed mortgage originator (the "Client") in exchange for a loan-participation interest in a residential mortgage loan and related security instrument submitted by the Client. The funding facility allows the Client to fund mortgage loans to borrowers and then sell the loans—generally, 30-45 days later—on the secondary market to a mortgage investor. Once the Client sells the loan to an investor on the secondary market, Citizens is repaid the principal amount it paid for its participation interest, plus interest for the temporary time the loan was held by the Client.

B. Leslie's Tangled Web of Affiliates

12. Leslie formed Montage in Texas. Leslie represented to Citizens that Montage is licensed to originate mortgage loans in Texas and other states.

13. Leslie formed Snowberry in 2015. Leslie represented to Citizens that Snowberry is a title company engaged in the business of maintaining escrow accounts for money provided to fund mortgage loans. Snowberry's registered address is the same as the address of Leslie's personal residence.

14. Leslie formed MCM in 2015. Leslie represented to Citizens that MCM is an investor in mortgage loans.

C. Leslie lures Citizens into a warehouse lending relationship

15. In 2014, Montage acquired, Ameritrust Mortgage, Inc., which, had been a TMPP client of Citizens since 2010. Soon after the acquisition, Leslie sought to assume Ameritrust's role in the TMPP by painting the picture of being an experienced mortgage banker expanding his business with a well-thought-out strategic plan.

16. Citizens and Montage subsequently entered a Loan Participation Agreement, Participation Administrating Agreement, and Amended and Restated Loan Participation Agreement (collectively, the "Agreements"), which enabled Montage to offer Citizens

opportunities to purchase 99% participation interests in residential mortgage loans and security instruments originated by Montage. In exchange for Citizens purchasing a 99% participation interest in a Montage loan, the Agreements require Montage to, among other things: (a) deliver to Citizens the executed loan and security instruments and required underwriting documentations executed by the borrower; and (b) immediately upon receipt of any payment from an investor, repay the principal loan amount funded by Citizens plus Citizens' respective share of the interest accrued on the loan during the temporary time it was held by Montage.

17. Montage provided numerous express warranties to Citizens under the Agreements, including:

- Montage (i) is the sole and lawful owner of each Mortgage Loan, has good and marketable title thereto, free and clear of all security interests and liens, pledges, charges, encumbrances, or any interests of any other party; and (ii) has the full right and authority to assign and transfer each Mortgage Loan and the Participation Interest therein to [Citizens]
- The Mortgage Loan has been in accordance with loan underwriting standards and guidelines of Citizens
- Each Mortgage Note has been executed by the Borrower, each Borrower is fully competent to execute the Mortgage Note and the Mortgage Note is genuine and is legal and enforceable against Borrower in accordance with its terms.
- The Mortgage Loan was made pursuant to and in compliance with all applicable federal and state laws, rules, and regulations
- All copies of any Collateral Documents or Loan Papers furnished to Citizens are accurate and complete copies of the originals of such documents or papers.
- Montage has no knowledge at the time of the sale of each Participation Interest of any conditions which would impair the Mortgage Loan. No condition exists with respect to such Mortgage Loan which could give rise to any right of rescission, set-off, counterclaim, or defense with regard to the Mortgage Loan

- With respect to any Mortgage Loan which provides for escrows, all escrows have been properly collected and disbursed and a proper escrow account analysis has been prepared and timely delivered to the Borrower.
- There are no irregularities, deficiencies, defects, or falsifications concerning the Mortgage Loan
- Montage has full power and authority to originate, market, sell and service each Subject Mortgage Loan and to enter into and consummate all transactions contemplated by this Agreement and to enter into and consummate all transactions contemplated by this Agreement

18. The Agreement contains security mechanisms to secure Citizens' purchases of participation interests, including the obligation that "[u]pon the default of any provision of the Agreement or the breach of any representation or warranty made by [Montage] [Montage] shall be obligated to, and shall, immediately repurchase from Citizens the Participation Interest in the Mortgage Loan for the Repurchase Price."

19. Throughout Citizens' relationship with Ameritrust and Montage, Citizens purchased participation interests in over 1,400 loans totaling over \$287 million. In late 2015, Leslie began orchestrating mortgage transactions that involved Snowberry, as a purported settlement agent authorized to escrow funds and close loans, and MCM, as a purported mortgage investor. Uninformed of Leslie's tangled affiliation with Montage, Snowberry, and MCM, from October 2015 through October 2017, Citizens purchased 144 participation interests totaling \$31,908,808.88 in loans involving Leslie and his affiliates. Leslie never disclosed his or Montage's affiliation with Snowberry or MCM.

D. Defendants' Scam Unravels

20. In each of the transactions Leslie orchestrated to involve Montage, Snowberry, and MCM, Montage submitted a mortgage-loan package to Citizens that included underwriting materials, together with an executed note and mortgage. In many cases, the purported borrower was a previous borrower of Montage who appeared to be seeking to

refinance an original mortgage. As a result, Montage had significant information about the purported borrowers from previous loan packages. Defendants even provided Mortgage Identification Numbers assigned by the Mortgage Electronic Registration Systems and other identifying information to add underwriting credence to the transactions. Citizens paid for all of its participation interests in these loans by wiring money pursuant to Leslie's directions. Before CSB wired any money in these transactions, Leslie represented that MCM could serve as the ultimate secondary-market investor to purchase/settle the loans and send the sales proceeds to Citizens.

21. On October 17, 2017, Citizens informed Leslie over the phone that it needed to suspend its purchase of participation interests in Montage loans and desired to close out its existing pipeline of participation interests in 23 outstanding Montage loans. Realizing his scam was on the verge of ending, Leslie reached out later the same day and asked if he could travel from his home in Colorado to meet with Citizens' President the very next day. At the meeting the following day, Leslie confessed that only 11 of the 23 outstanding loans were legitimate and could be sold on the secondary market to pay off Citizens in the normal course of business. Leslie admitted that Citizens had purchased phantom participation interests in the remaining 12 outstanding loans (the "Phantom Loans") that would not be repaid. The reason why: Leslie secretly pocketed the money.

22. In reference to the Phantom Loans, Leslie specifically confessed:

- "You know we'll be able to pay off [the Phantom Loans] in a longer time frame. So what I'm gonna request from you is a 6-month to 12-month time frame to pay the rest of them off so — and I've got the — you know, I've got reasons for that, but I don't think we want to go into those I've got a big, giant, lawsuit against another company that's gonna settle ... out as soon as December. I'm gonna want up to 12 months if we can structure it that way. ... And [then] the bank will get their money."
- "There's been a giant number of mistakes that are gonna, you know — they're — if we can just structure a longer term pay out on the balance

and give me a chance to get this lawsuit to the goal line, it's a real deal, it'll get you paid."

- "I have created massive problems by making mistakes that were not, you know, were not personally motivated or driven but it is what it is at this point. I mean I got — you know, so I got a problem and the way to fix the problem is to let the lawsuit manifest, you know, a settlement and then we get this knocked out."
- "Can I have 12 loans — or some way to structure something that gets us time to let that lawsuit pay. That's all we got. That's all I got I put myself in a bad position by making, you know, an original mistake that led to a thousand others"
- "I'm just here in front of you because, you know, I want you to see me as a regretful, remorseful person that's gonna — I'm gonna fix this if you give me a chance, or if the board gives me the chance, but I don't know how to handle it from here other than to come talk to you and I didn't — I hadn't sought legal advice. I haven't — you know what I mean? I don't know where it goes from here. I just know that you've got some loans that need to get paid and then — then we need to, if it's possible work out a time frame on these others and that what's I'm here to ask."

23. In response to these bombshells, Citizens asked Leslie: "Why won't [the Phantom Loans] pay off in the normal course of business." Leslie's incriminating response was:

They — they just — they won't. You know, they just won't and I don't know, you know, what language to use there. I don't want to dance around it. ... I don't know what I should say to you that would put you in a position where you have to go, you know, I'm trying to — I'm trying to play kind of a semantics game here that I'm not comfortable playing 'cause I've never been in this position before but you just don't want to dig deeper on these loans. You just don't. And you know there's a problem there. ... I think the less that the bank knows maybe the better. Because if the bank knows something the bank might have to disclose something ... and I don't want to put you in the position where you have to disclose or lie or whatever and maybe omission is as much the same thing but I don't know, I've never been in this position before. ... It's not good and it's not a good situation. I'm, you know, I'm prepared. You know I've already kind of met my maker on what I've done to try to solve all these problems and I've just created more problems.

Leslie confirmed the status of the Phantom Loans in the following exchange:

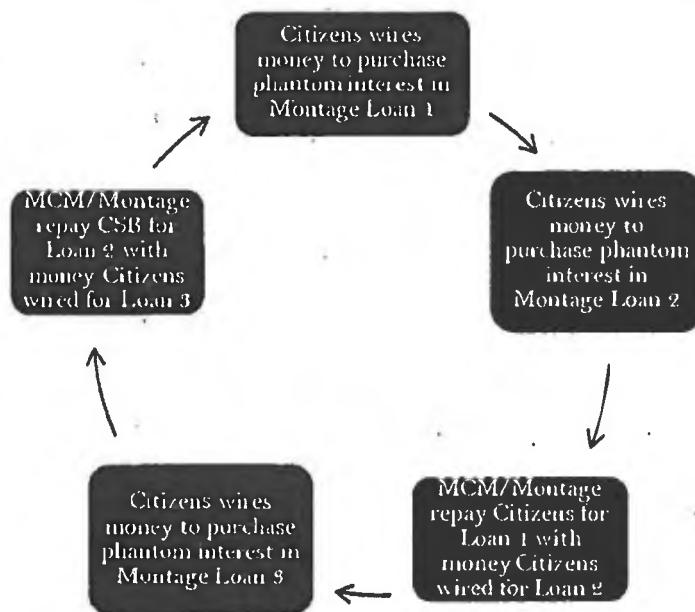
Citizens: "What I'm hearing [is] the only way to get the bank paid is based off of a lawsuit?"

Leslie: "Correct."

Citizens: "All right. So that's telling me then these loans are not going to pay. Are they real loans?"

Leslie: "I don't know what I should say or what I shouldn't say there. The loans are not gonna pay. ... I have no ability to make restitution of any sort right now. I mean, so if we — if this thing goes where a full everybody ripping everything apart and, you know, regulators come and, you know, authorities come and, you know, it — whatever happens to me but I just — there's nothing."

24. As a result of Leslie's confessions, Citizens conducted an investigation into its transaction history with Leslie and Montage. The investigation revealed that the litany of Leslie's "mistakes" likely amount to a large-scale scam that would have carried on indefinitely had Citizens not suspended its TMPP relationship with Montage. The scam appears to have relied on a continuous cycle of theft and fraud depicted in the following diagram:



When the music finally stopped on Leslie's musical-chairs game of fraud, Citizens was left holding \$9,872,745 worth of non-existent interests in the 12 Phantom Loans with no underlying property to serve as security. Defendants have failed and refused to repay Citizens

for the funds it wired for the Phantom Loans. All conditions precedent to enforcement of Citizens' claims have occurred or been waived or excused.

COUNT 1: FRAUD / STATUTORY FRAUD

25. Defendants made false representations to Citizens regarding the Phantom Loans. Specifically, Leslie and Montage falsely represented, among other things, that they:

- originated, delivered, marketed, and sold lawful, valid interests in secured mortgage loans on legitimate residential properties to Citizens;
- secured title on the underlying residential properties;
- set up a valid escrow arrangement to hold and direct Citizens' money for its intended purpose; and
- MCM was a valid investor and purchaser of mortgage loans.

26. Defendants knew these representations were false when they were made. Defendants made the representations with the intent that Citizens rely on them. Citizens justifiably relied on the representations by wiring money to purchase participation interests in what it believed to be valid, secured loans.

27. The transactions at issue involved real estate within the scope of Texas Business and Commerce Code § 27.01.

28. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of Defendants' actions.

COUNT 2: CIVIL THEFT

29. The actions of Defendants constitute civil theft because Defendants knowingly and without effective consent appropriated money belonging to Citizens for the purpose of using that property for their own benefit.

30. Defendants deceptively induced Citizens to wire money to purchase fictitious interests in the Phantom Loans. Defendants misappropriated at least \$3,872,745 in funds that belong to Citizens.

31. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of Defendants' actions.

COUNT 3: FRAUDULENT INDUCEMENT

32. Defendants made false representations to Citizens to induce Citizens to purchase phantom interests in fictitious mortgage loans, including that:

- Montage originated, delivered, marketed, and sold lawful, valid interests in secured mortgage loans on legitimate residential properties to Citizens;
- title was secured on the properties securing the loans;
- a valid escrow arrangement was established to hold and direct Citizens' money for its intended purpose; and
- MCM was a valid investor and purchaser of mortgage loans.

33. The representations were material. Defendants knew the representations were false when they were made, and made the representations with the intent that Citizens rely on them. Citizens justifiably relied on the representations before funding the Phantom Loans. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of Defendants' actions.

COUNT 4: MONEY HAD AND RECEIVED

34. Defendants hold money that, in equity and good conscience, belongs to Citizens. Specifically, Defendants defrauded Citizens into wiring money to purchase fictitious interests in the Phantom Loans and stole the money. Citizens is entitled to recover this money from Defendants.

COUNT 5: NEGLIGENCE

35. Defendants owed a duty of care to Citizens. Defendants failed to exercise ordinary care and acted negligently by engaging in the conduct addressed in Counts 1, 2, 3, 4, 6, and 7. Citizens has been injured as a proximate result of Defendants' negligence in an amount to be more fully demonstrated at trial.

COUNT 6: CONSPIRACY

36. Defendants acted pursuant to a common scheme designed to steal money from Citizens. Defendants committed overt acts in furtherance of the common scheme by, among other things, (a) making false representations to Citizens about the validity and marketability of the Phantom Loans and the use of Citizens' money and (b) delivering false loan documents and security instruments to Citizens. Defendants are jointly and severally liable for their tortious conduct. Citizens has been injured as a proximate result of the conspiracy in an amount to be more fully demonstrated at trial.

COUNT 7: AIDING AND ABETTING

37. Defendants acted with knowledge of each other's tortious conduct, as described above, and provided substantial assistance and encouragement to each other to effectuate their respective tortious acts. Defendants were aware of their role as part of these tortious activities at the time of providing the assistance. Defendants are therefore liable for aiding and abetting the tortious acts alleged herein. Citizens has been injured as a proximate result of Defendants actions in an amount to be more fully demonstrated at trial.

COUNT 8: UNJUST ENRICHMENT / CONSTRUCTIVE TRUST

38. Defendants committed fraud against Citizens. Defendants wrongfully stole money from Citizens by creating, delivering, and selling Citizens fake interests in the Phantom Loans. Accordingly, Citizens seeks the remedy of unjust enrichment because Defendants have

been unjustly enriched as a result of their actions. Citizens also seeks the remedy of a constructive trust related to these funds.

COUNT 9: EXEMPLARY DAMAGES

39. Defendants committed the tortious actions described herein with malice, gross negligence, and fraud, as those terms are defined by Chapter 41 of the Texas Civil Practice and Remedies Code. Therefore, Citizens is entitled to, and requests, an award of exemplary damages in an amount the trier of fact finds sufficient. *See* TEX. CIV. PRAC. & REM. CODE § 41.001, *et seq.*; TEX. BUS. & COMM. CODE § 27.01, *et seq.*

COUNT 10: BREACH OF CONTRACT

40. Citizens and Montage entered binding, enforceable contracts with Montage. Citizens fully performed its obligations under the Agreements. Montage breached the Agreements by, among other things, failing to perform the obligations set forth above in Paragraphs 17 and 18. Citizens has been injured as a proximate result of Montage's breach of contract in an amount to be more fully demonstrated at trial.

REQUEST FOR ATTORNEYS' FEES

41. Pursuant to Sections 98.001 and 194.001, *et seq.* of the Texas Civil Practice and Remedies Code, Section 27.001 of the Texas Business and Commerce Code, and the Agreement, is entitled to recover its reasonable attorneys' fees incurred as a result of bringing this action.

JURY DEMAND

42. Citizens requests trial by jury on all claims

PRAYER

WHEREFORE, Citizens requests that Defendants be cited to appear and answer and that on final hearing, Citizens have judgment against Defendants, jointly and severally for: actual damages, special or consequential damages, statutory damages, exemplary damages, a

constructive trust, disgorgement of all undue profits obtained by Defendants, pre-judgment interest, post-judgment interest, reasonable and necessary attorneys' fees for pre-trial, trial, all appeals, and petitions for review, costs of suit, and all other appropriate relief to which Citizens may be entitled in law or equity.

Respectfully submitted,

BELL NUNNALLY & MARTIN LLP

By: /s/ Christopher B. Trowbridge
Christopher B. Trowbridge
ctrowbridge@bellnunnally.com
Texas Bar No. 24008182
Kristopher D. Hill
Texas Bar No. 24066674
khill@bellnunnally.com

3232 McKinney Avenue, Suite 1400
Dallas, Texas 75204-2429
Telephone: (214) 740-1400
Telecopy: (214) 740-1499

**ATTORNEYS FOR PLAINTIFF
CITIZENS STATE BANK**

5849987_1.DOCX



BELLNUNNALLY

FILED
MCLENNAN COUNTY
12/8/2017 11:17 AM
S. STEPHANIE L. FULSOM
JON R. GMBELLE
CLERK 214.290.5676
DISTRICT CLERK FAX: 214.740.1499
SFULSOM@BELLNUNNALLY.COM

December 8, 2017

Maxine Barton

VIA E-FILE

District Clerk's Office
414th Judicial District Court
McLennan County
501 Washington Avenue, Suite 300
Dallas, Texas 76701

Re: Cause No. 2017-4071-5, *Citizens State Bank v. Michael Scott Leslie, Montage Mortgage, LLC, Snowberry Settlements, LLC, and Mortgage Capital Management, LLC*; in the 414th District Court of McLennan County, Texas

Dear Clerk:

We are writing to request a *rush* issuance of citations by the court. A file-stamped copy of the petition is attached. The parties are listed below:

Michael Scott Leslie
6308 Snowberry Lane
Niwot, Colorado 80503

Montage Mortgage, LLC
c/o Registered Agent AML
805 Country Club Drive
Heath, Texas 75032

Snowberry Settlements, LLC
c/o Registered Agent Barbara Stricklin
6308 Snowberry Lane
Niwot, Colorado 80503

Mortgage Capital Management, LLC
c/o Registered Agent Rick Jenkins
5200 S. Ulster Street, Suite 1504
Denver, Colorado 80111

Once the citations are ready, please contact Kris Hill on his cell at (214) 263-5337 and he will pick up from you.

Please contact me should you have any questions. Thank you for your assistance in this matter.

Sincerely,

Stephanie L. Fulsom
Assistant to Kristopher D. Hill

Enclosures

7.19.17 305.6734 : DOCX

CITATION

PAPER# 1 & 2
ATTY

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: MICHAEL SCOTT LESLIE, DEFENDANT - 6308 SNOWBERRY LANE, NIWOT, COLORADO 80503, BY SERVING THE STATUTORY AGENT, THE TEXAS SECRETARY OF STATE, AT CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC,
A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY
SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY
COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A
COLORADO LIMITED LIABILITY COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: ORIGINAL PETITION

Pleading File Date: DECEMBER 6, 2017

Cause No: 2017-4071-5

NOTICE

You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading, a default judgment may be taken against you.

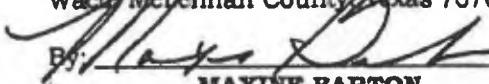
The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.

Issue Date: DECEMBER 8, 2017.

**CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701**


MAXINE BARTON

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY**

Cause No: **2017-4071-5**

Court: **414TH JUDICIAL DISTRICT**

Paper#: **1 & 2**

Pleading: **ORIGINAL PETITION**

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____M; in person, a true copy of this citation with a true and correct copy of the pleading attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$ _____ NO SHERIFF OR CONSTABLE _____ County, Texas
FEES COLLECTED _____
By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my
date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State
of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

PAPER# 3
ATTY

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, MICHAEL CROUSE, AMERICAN MORTGAGE LICENSING, LLC, AT 805 COUNTRY CLUB DR., HEATH, TEXAS 75032

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC,
A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY
SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY
COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A
COLORADO LIMITED LIABILITY COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: ORIGINAL PETITION

Pleading File Date: DECEMBER 6, 2017

Cause No: 2017-4071-5

NOTICE

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The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: DECEMBER 8, 2017.

**CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701**

**By: *Maxine Barton* Deputy
MAXINE BARTON**

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY**

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 3

Pleading: **ORIGINAL PETITION**

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____M; in person, a true copy of this citation with a true and correct copy of the pleading attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$ _____ **NO SHERIFF OR CONSTABLE FEES COLLECTED** _____ County, Texas
By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant*

COPY
PAPER# 4 & 5
ATTY

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, BARBARA STRICKLIN, 6308 SNOWBERRY LANE, NIWOT, COLORADO 80503, BY SERVING THE TEXAS SECRETARY OF STATE, AT CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC,
A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY
SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY
COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A
COLORADO LIMITED LIABILITY COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: ORIGINAL PETITION

Pleading File Date: DECEMBER 6, 2017

Cause No: 2017-4071-5

NOTICE

You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading, a default judgment may be taken against you.

The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: DECEMBER 8, 2017.

**CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701**

**By: *[Signature]* Deputy
MAXINE BARTON**

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY**

Cause No: **2017-4071-5**

Court: **414TH JUDICIAL DISTRICT**

Paper#: **4 & 5**

Pleading: **ORIGINAL PETITION**

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____M; in person, a true copy of this citation with a true and correct copy of the pleading attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$ _____ County, Texas

**NO SHERIFF OR CONSTABLE
FEES COLLECTED**
By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my
date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State
of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

PAPER# 4 & 5
ATTY

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, BARBARA STRICKLIN, 6308 SNOWBERRY LANE, NIWOT, COLORADO 80503, BY SERVING THE TEXAS SECRETARY OF STATE, AT CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC,
A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY
SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY
COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A
COLORADO LIMITED LIABILITY COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: ORIGINAL PETITION

Pleading File Date: DECEMBER 6, 2017

Cause No: 2017-4071-5

NOTICE

You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading, a default judgment may be taken against you.

The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: DECEMBER 8, 2017.

**CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701**

**By: *[Signature]* Deputy
MAXINE BARTON**

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY**

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 4 & 5

Pleading: **ORIGINAL PETITION**

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FEES: Serving one (1) copy

Total \$_____ County, Texas
NO SHERIFF OR CONSTABLE
FEES COLLECTED
By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____.

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

COPY
PAPER# 6 & 7
ATTY

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, RICK JENKINS, 5200 S. ULSTER STREET, SUITE 1504, DENVER, COLORADO 80111, BY SERVING THE TEXAS SECRETARY OF STATE, AT CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

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PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC,
A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY
SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY
COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A
COLORADO LIMITED LIABILITY COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: ORIGINAL PETITION

Pleading File Date: DECEMBER 6, 2017

Cause No: 2017-4071-5

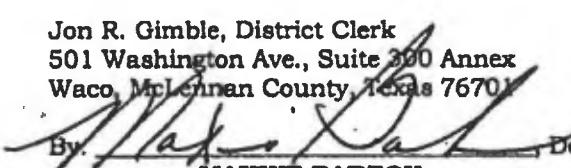
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Issue Date: DECEMBER 8, 2017.**

**CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701**

By: **MAXINE BARTON**, Deputy

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY**

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 6 & 7

Pleading: **ORIGINAL PETITION**

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FEES: Serving one (1) copy _____

Total \$ _____ County, Texas

NO SHERIFF OR CONSTABLE By _____
FEES COLLECTED _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

PAPER# 6 & 7
ATTY

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, RICK JENKINS, 5200 S. ULSTER STREET, SUITE 1504, DENVER, COLORADO 80111, BY SERVING THE TEXAS SECRETARY OF STATE, AT CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

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PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC,
A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY
SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY
COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A
COLORADO LIMITED LIABILITY COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: ORIGINAL PETITION

Pleading File Date: DECEMBER 6, 2017

Cause No: 2017-4071-5

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Issue Date: DECEMBER 8, 2017.**

**CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701**

**By *Maxine Barton* Deputy
MAXINE BARTON**

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY**

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 6 & 7

Pleading: **ORIGINAL PETITION**

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FEES: Serving one (1) copy

Total \$_____ County, Texas

NO SHERIFF OR CONSTABLE By _____
FEES COLLECTED _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____ and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant*

[Print this page](#)

Case # 2017-4071-5 - CITZENS STATE BANK VS MICHAEL SCOTT LESLIE ET AL (414TH)

Case Information

Location	McLennan County - District Clerk
Date Filed	12/08/2017 11:17:33 AM
Case Number	2017-4071-5
Case Description	CITZENS STATE BANK VS MICHAEL SCOTT LESLIE ET AL
Assigned to Judge	414TH
Attorney	Christopher Trowbridge
Firm Name	Bell Nunnally & Martin LLP
Filed By	Judy Garrison
Filer Type	Not Applicable
Fees	
Convenience Fee	\$4.51
Total Court Case Fees	\$0.00
Total Court Party Fees	\$0.00
Total Court Filing Fees	\$154.00
Total Court Service Fees	\$2.00
Total Filing & Service Fees	\$0.00
Total Service Tax Fees	\$0.00
Total Provider Service Fees	\$0.00
Total Provider Tax Fees	\$0.00
Grand Total	\$160.51
Payment	
Account Name	BN Account
Transaction Amount	\$160.51
Transaction Response	Approved
Transaction ID	32802068
Order #	021171926-0

2017 DEC -8 AM 11:36
 JOHN R. GIBBLE
 DISTRICT CLERK
 MCLENNAN CO., TX
 DEPUTY

FILED

Envelope Details

Page 2 of 3

No Fee Documents

Filing Type	EFileAndServe
Filing Code	No Fee Documents
Filing Description	Expedited request for issuance of Citations
Reference Number	7139.17
Comments	
Status	Accepted
Accepted Date	12/08/2017 11:31:01 AM
Fees	
Court Fee	\$154.00
Service Fee	\$0.00
Optional Services	
>Issue Citation	\$56.00 (7 x \$8.00)
>Copies - Service	\$98.00 (98 x \$1.00)

Documents

Lead Document 2017-12-08 Ltr to Clerk
requesting citations with Petition [Original] [Transmitted]
attached.pdf

eService Details

Name/Email	Firm	Service Type	Status	Served	Date/Time Opened
Christopher Trowbridge ctrowbridge@bellnunnally.com		EServe	Sent	Yes	Not Opened
Kristopher D Hill khill@bellnunnally.com		EServe	Sent	Yes	Not Opened
Brent A Turman bturman@bellnunnally.com		EServe	Sent	Yes	Not Opened
Judy Garrison jgarrison@bellnunnally.com		EServe	Sent	Yes	Not Opened
Stephanie Fulsom sfulsom@bellnunnally.com		EServe	Sent	Yes	12/08/2017 11:18:51 AM

FILED
MCLENNAN COUNTY
12/27/2017 10:24 AM
JON R. GIMBLE
DISTRICT CLERK
Tiffany Crim

RETURN OF SERVICE

Style: CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper #: 3

Pleading: ORIGINAL PETITION

Came to hand on the 13th day of Dec., 2017 at 4 o'clock PM and executed on the 14th day of Dec., 2017 by delivering to the party designated in the citation, to-wit: Montage Mortgage, LLC By and through its Registered Agent, American Mortgage Licensing, LLC - Michael Creuse, President at 5:55 o'clock PM in person, a true copy of this citation with a true and correct copy of the pleading attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$

NO SHERIFF OR CONSTABLE
FEES COLLECTED

Roger Bigony

#5307
Exp. 6/30/18

By _____

Dallas

County, Texas

NOT EXECUTED FOR THE FOLLOWING REASONS _____

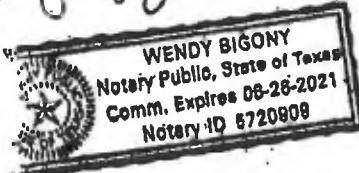
and having attempted on _____

"My name is Roger (First) Bigony (Last), my date of birth is 7-22-54, and my address is 9010 Briar Creek Dr., Rowlett, Tx. 75089

I declare under penalty of perjury that the foregoing is true and correct. Executed in Dallas County, State of Texas, on the 15th day of Dec. (Month) 2017 (Year)

Roger Bigony (Signature) Declarant

State of Texas County of Dallas
I, Roger Bigony, do solemnly swear before me this 15th day of Dec., 2017, that the foregoing is true and correct. I further declare that I am a Notary Public in the State of Texas and this instrument was acknowledged before me on 15th day of Dec., 2017.
Wendy Bigony



CITIGATION

**PAPER# 3
ATTY**

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, MICHAEL CROUSE, AMERICAN MORTGAGE LICENSING, LLC, AT 805 COUNTRY CLUB DR., HEATH, TEXAS 75032

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, MONTAGE MORTGAGE, LLC,
A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY
SETTLEMENTS, LLC, A COLORADO LIMITED LIABILITY
COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A
COLORADO LIMITED LIABILITY COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: ORIGINAL PETITION

Pleading File Date: DECEMBER 6, 2017

Cause No: 2017-4071-5

NOTICE

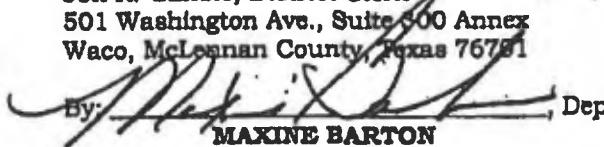
You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading, a default judgment may be taken against you.

The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

**ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: DECEMBER 8, 2017.**

**CHRISTOPHER B. TROWERIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 500 Annex
Waco, McLennan County, Texas 76701**

By:  Maxine Barton, Deputy

[Print this page](#)**Case # 2017-4071-5****Case Information**

Location McLennan County - District Clerk
 Date Filed 12/27/2017 10:24:33 AM
 Case Number 2017-4071-5
 Case Description
 Assigned to Judge
 Attorney Kristopher Hill
 Firm Name Bell Nunnally & Martin LLP
 Filed By Stephanie Folsom
 Filer Type Not Applicable
Fees
 Convenience Fee \$0.06
 Total Court Case Fees \$0.00
 Total Court Party Fees \$0.00
 Total Court Filing Fees \$0.00
 Total Court Service Fees \$2.00
 Total Filing & Service Fees \$0.00
 Total Service Tax Fees \$0.00
 Total Provider Service Fees \$0.00
 Total Provider Tax Fees \$0.00
 Grand Total \$2.06
Payment
 Account Name BN Account
 Transaction Arnount \$2.06
 Transaction Response Approved
 Transaction ID 33252763
 Order # 021481717-0

No Fee Documents

Filing Type EFileAndServe
 Filing Code No Fee Documents
 Filing Description Return of Service - Montage Mortgage LLC
 Reference Number 7139.17
 Comments
 Status Accepted
 Accepted Date 12/27/2017 11:08:19 AM
 Fees

FILED

2017 DEC 27 AM 11:13

JOHN R. GIMBLE
 DISTRICT CLERK
 MCLENNAN CO., TX

Envelope Details

Page 2 of 2

Court Fee	\$0.00	
Service Fee	\$0.00	
Documents		
<i>Lead Document</i>	Return of Service of Montage Mortgage LLC.pdf	<u>[Original]</u> <u>[Transmitted]</u>

eService Details

Name/Email	Firm	Service Type	Status	Served	Date/Time Opened
Kristopher D Hill khill@bellnunnally.com		EServe	Sent	Yes	Not Opened
Christopher Trowbridge ctrowbridge@bellnunnally.com		EServe	Sent	Yes	Not Opened
Brent A Turman bturman@bellnunnally.com		EServe	Sent	Yes	12/27/2017 10:25:36 AM
Judy Garrison jgarrison@bellnunnally.com		EServe	Sent	Yes	Not Opened
Stephanie Fulsom sfulsom@bellnunnally.com		EServe	Sent	Yes	Not Opened

FILED
MCLENNAN COUNTY
7/6/2018 1:23 PM
JON R. GIMBLE
DISTRICT CLERK

CAUSE NO. 2017-4071-5

Maxine Barton

CITIZENS STATE BANK, § IN THE DISTRICT COURT OF
§
Plaintiff, §
v. §
MICHAEL SCOTT LESLIE, § MCLENNAN COUNTY, TEXAS
MONTAGE MORTGAGE, LLC, §
SNOWBERRY SETTLEMENTS, LLC, §
and MORTGAGE CAPITAL §
MANAGEMENT, LLC, §
Defendants. § 414th JUDICIAL DISTRICT

FIRST AMENDED ORIGINAL PETITION

Plaintiff Citizens State Bank ("Citizens") complains of Defendants Michael Scott Leslie ("Leslie"), Montage Mortgage, LLC ("Montage"), Snowberry Settlements, LLC ("Snowberry"), and Mortgage Capital Management, LLC ("MCM") (collectively, "Defendants").

PRELIMINARY STATEMENT

1. This case is based on a scam orchestrated by Leslie and his tangled web of affiliates—Montage, Snowberry, and MCM—to steal at least \$3,872,745 from Citizens. While the depth of Leslie's fraudulent scam runs deep, he has specifically confessed to inducing Citizens into wiring funds to purchase phantom interests in 12 fictitious mortgage loans.

DISCOVERY CONTROL PLAN

2. Discovery shall be conducted under Level 2. *See Tex. R. Civ. P. 190.9.*

PARTIES

3. Plaintiff Citizens is a Texas financial institution.
4. Defendant Leslie is a nonresident natural person who resides at 6308 Snowberry Lane, Niwot, Colorado 80503. Leslie has done business in Texas by forming and operating businesses in Texas, entering contracts to perform obligations in Texas, and committing torts

in Texas. This lawsuit arises from Leslie's business in Texas and torts committed in Texas. Although Leslie has engaged in business in the State of Texas, he does not maintain a home address or regular place of business in Texas. Leslie also does not maintain a designated agent for service of process in Texas. Leslie may be served with process by serving a copy of this petition and citation on the Secretary of State of Texas, Leslie's statutorily designated agent for service of process, at Citations Unit, P.O. Box 12079, Austin, Texas 78711-2079 or 1019 Brazos Street, Austin, Texas 78701. The Texas Secretary of State shall mail a copy of the petition and citation to Leslie's home address at 6308 Snowberry Lane, Niwot, Colorado 80503.

5. Defendant Montage is a Texas limited liability company authorized to conduct business in Texas. Montage may be served with process through its registered agent, American Mortgage Licensing, LLC ("AML"), at 805 Country Club Dr., Heath, Texas 75032. AML's registered agent, Michael Crouse, may be served with process on behalf of AML and Montage at 805 Country Club Dr., Heath, Texas 75032, or wherever he may be found.

6. Defendant Snowberry Settlements, LLC is a foreign, nonresident Colorado limited liability company organized and formed by Leslie and doing business in Texas by contracting to perform an obligation in Texas and committing torts in Texas. This lawsuit arises from Snowberry's business in Texas and torts committed in Texas. Although Snowberry has engaged in business in the State of Texas, Snowberry does not maintain a regular place of business in Texas. Snowberry also does not maintain a designated agent for service of process in Texas. Therefore, Snowberry may be served with citation through the Secretary of State for the State of Texas, its statutorily designated agent for service of process, at Citations Unit, P.O. Box 12079, Austin, Texas 78711-2079 or 1019 Brazos Street, Austin, Texas 78701. The Texas Secretary of State shall mail a copy of the citation and the petition to Snowberry at Snowberry Settlements, LLC's home office located at 857 McCaslin Blvd., Suite 200, Louisville, CO 80027.

7. Defendant Mortgage Capital Management, LLC is a foreign, nonresident Colorado limited liability company organized and formed by Leslie and doing business in Texas by contracting to perform an obligation in Texas and committing torts in Texas. This lawsuit arises from MCM's business in Texas and torts committed in Texas. Even though MCM has engaged in business in the State of Texas, MCM does not maintain a regular place of business in Texas. MCM also does not maintain a designated agent for service of process in Texas. Therefore, MCM may be served with citation through the Secretary of State for the State of Texas, its statutorily designated agent for service of process, at Citations Unit, P.O. Box 12079, Austin, Texas 78711-2079 or 1019 Brazos Street, Austin, Texas 78701. The Texas Secretary of State shall mail a copy of the citation and the petition to MCM at its home office, located at 2121 Eisenhower Avenue, Suite 200, Alexandria, Virginia 22314.

JURISDICTION

8. Citizens seeks monetary relief over \$1,000,000; and the damages sought by Citizens are within the jurisdictional limits of the court. *See* Tex. R. Civ. P. 47(b), (c)(5).

VENUE

9. Venue is proper in McLennan County, Texas because a substantial part of the events or omissions giving rise to the claims asserted occurred in McLennan County, Texas.

FACTUAL BACKGROUND

A. Citizens State Bank

10. Citizens is a financial institution that has provided community-banking services to customers throughout central and southeast Texas for over 98 years. Citizens' core back-office departments, including its finance, accounting, human resources, marketing, and warehouse lending departments, are based in McLennan County, Waco, Texas.

11. Citizens operates a warehouse mortgage lending program, internally referred to as its "Temporary Mortgage Participation Program" or "TMPP." In a typical TMPP transaction, Citizens provides a funding facility to a licensed mortgage originator (the "Client") in exchange for a loan-participation interest in a residential mortgage loan and related security instrument submitted by the Client. The funding facility allows the Client to fund mortgage loans to borrowers and then sell the loans—generally, 30-45 days later--on the secondary market to a mortgage investor. Once the Client sells the loan to an investor on the secondary market, Citizens is repaid the principal amount it paid for its participation interest, plus interest for the temporary time the loan was held by the Client.

B. Leslie's Tangled Web of Affiliates

12. Leslie formed Montage in Texas. Leslie represented to Citizens that Montage is licensed to originate mortgage loans in Texas and other states.

13. Leslie formed Snowberry in 2015. Leslie represented to Citizens that Snowberry is a title company engaged in the business of maintaining escrow accounts for money provided to fund mortgage loans. Snowberry's listed registered agent address is the same as the address of Leslie's personal residence.

14. Leslie formed MCM in 2015. Leslie represented to Citizens that MCM is an investor in mortgage loans.

C. Leslie lures Citizens into a warehouse lending relationship

15. In 2014, Montage acquired Ameritrust Mortgage, Inc., which had been a TMPP client of Citizens since 2010. Soon after the acquisition, Leslie sought to assume Ameritrust's role in the TMPP by painting the picture of being an experienced mortgage banker expanding his business with a well-thought-out strategic plan.

16. Citizens and Montage subsequently entered a Loan Participation Agreement, Participation Administrating Agreement, and Amended and Restated Loan Participation Agreement (collectively, the "Agreements"), which enabled Montage to offer Citizens opportunities to purchase 99% participation interests in residential mortgage loans and security instruments originated by Montage. In exchange for Citizens purchasing a 99% participation interest in a Montage loan, the Agreements require Montage to, among other things: (a) deliver to Citizens the executed loan and security instruments and required underwriting documentations executed by the borrower; and (b) immediately upon receipt of any payment from an investor, repay the principal loan amount funded by Citizens plus Citizens' respective share of the interest accrued on the loan during the temporary time it was held by Montage.

17. Montage provided numerous express warranties to Citizens under the Agreements, including:

- Montage (i) is the sole and lawful owner of each Mortgage Loan, has good and marketable title thereto, free and clear of all security interests and liens, pledges, charges, encumbrances, or any interests of any other party; and (ii) has the full right and authority to assign and transfer each Mortgage Loan and the Participation Interest therein to [Citizens]
- The Mortgage Loan has been in accordance with loan underwriting standards and guidelines of Citizens
- Each Mortgage Note has been executed by the Borrower, each Borrower is fully competent to execute the Mortgage Note and the Mortgage Note is genuine and is legal and enforceable against Borrower in accordance with its terms.
- The Mortgage Loan was made pursuant to and in compliance with all applicable federal and state laws, rules, and regulations
- All copies of any Collateral Documents or Loan Papers furnished to Citizens are accurate and complete copies of the originals of such documents or papers.
- Montage has no knowledge at the time of the sale of each Participation Interest of any conditions which would impair the Mortgage Loan. No

condition exists with respect to such Mortgage Loan which could give rise to any right of rescission, set-off, counterclaim, or defense with regard to the Mortgage Loan

- With respect to any Mortgage Loan which provides for escrows, all escrows have been properly collected and disbursed and a proper escrow account analysis has been prepared and timely delivered to the Borrower.
- There are no irregularities, deficiencies, defects, or falsifications concerning the Mortgage Loan
- Montage has full power and authority to originate, market, sell and service each Subject Mortgage Loan and to enter into and consummate all transactions contemplated by this Agreement and to enter into and consummate all transactions contemplated by this Agreement

18. The Agreement contains security mechanisms to secure Citizens' purchases of participation interests, including the obligation that "[u]pon the default of any provision of the Agreement or the breach of any representation or warranty made by [Montage] ..., [Montage] shall be obligated to, and shall, immediately repurchase from Citizens the Participation Interest in the Mortgage Loan for the Repurchase Price."

19. Throughout Citizens' relationship with Ameritrust and Montage, Citizens purchased participation interests in over 1,400 loans totaling over \$287 million. In late 2015, Leslie began orchestrating mortgage transactions that involved Snowberry, as a purported settlement agent authorized to escrow funds and close loans, and MCM, as a purported mortgage investor. Uninformed of Leslie's tangled affiliation with Montage, Snowberry, and MCM, from October 2015 through October 2017, Citizens purchased 144 participation interests totaling \$31,908,808.88 in loans involving Leslie and his affiliates. Leslie never disclosed his or Montage's affiliation with Snowberry or MCM.

D. Defendants' Scam Unravels

20. In each of the transactions Leslie orchestrated to involve Montage, Snowberry, and MCM, Montage submitted a mortgage-loan package to Citizens that included underwriting

materials, together with an executed note and mortgage. In many cases, the purported borrower was a previous borrower of Montage who appeared to be seeking to refinance an original mortgage. As a result, Montage had significant information about the purported borrowers from previous loan packages. Defendants even provided Mortgage Identification Numbers assigned by the Mortgage Electronic Registration Systems and other identifying information to add underwriting credence to the transactions. Citizens paid for all of its participation interests in these loans by wiring money pursuant to Leslie's directions. Before CSB wired any money in these transactions, Leslie represented that MCM could serve as the ultimate secondary-market investor to purchase/settle the loans and send the sales proceeds to Citizens.

21. On October 17, 2017, Citizens informed Leslie over the phone that it needed to suspend its purchase of participation interests in Montage loans and desired to close out its existing pipeline of participation interests in 29 outstanding Montage loans. Realizing his scam was on the verge of ending, Leslie reached out later the same day and asked if he could travel from his home in Colorado to meet with Citizens' President the very next day. At the meeting the following day, Leslie confessed that only 11 of the 29 outstanding loans were legitimate and could be sold on the secondary market to pay off Citizens in the normal course of business. Leslie admitted that Citizens had purchased phantom participation interests in the remaining 12 outstanding loans (the "Phantom Loans") that would not be repaid. The reason why: Leslie secretly pocketed the money.

22. In reference to the Phantom Loans, Leslie specifically confessed:

- "You know we'll be able to pay off [the Phantom Loans] in a longer time frame. So what I'm gonna request from you is a 6-month to 12-month time frame to pay the rest of them off so — and I've got the — you know, I've got reasons for that, but I don't think we want to go into those I've got a big, giant, lawsuit against another company that's gonna settle ... out as soon as December. I'm gonna want up to 12 months if we can structure it that way. ... And [then] the bank will get their money."

- "There's been a giant number of mistakes that are gonna, you know — they're — if we can just structure a longer term payout on the balance and give me a chance to get this lawsuit to the goal line, it's a real deal, it'll get you paid."
- "I have created massive problems by making mistakes that were not, you know, were not personally motivated or driven but it is what it is at this point. I mean I got — you know, so I got a problem and the way to fix the problem is to let the lawsuit manifest, you know, a settlement and then we get this knocked out."
- "Can I have 12 loans — or some way to structure something that gets us time to let that lawsuit pay. That's all we got. That's all I got I put myself in a bad position by making, you know, an original mistake that led to a thousand others"
- "I'm just here in front of you because, you know, I want you to see me as a regretful, remorseful person that's gonna — I'm gonna fix this if you give me a chance, or if the board gives me the chance, but I don't know how to handle it from here other than to come talk to you and I didn't — I hadn't sought legal advice. I haven't — you know what I mean? I don't know where it goes from here. I just know that you've got some loans that need to get paid and then — then we need to, if it's possible work out a time frame on these others and that what's I'm here to ask."

23. In response to these bombshells, Citizens asked Leslie: "Why won't [the Phantom Loans] pay off in the normal course of business." Leslie's incriminating response was:

They — they just — they won't. You know, they just won't and I don't know, you know, what language to use there. I don't want to dance around it. ... I don't know what I should say to you that would put you in a position where you have to go, you know, I'm trying to — I'm trying to play kind of a semantics game here that I'm not comfortable playing 'cause I've never been in this position before but you just don't want to dig deeper on these loans. You just don't. And you know there's a problem there. ... I think the less that the bank knows maybe the better. Because if the bank knows something the bank might have to disclose something ... and I don't want to put you in the position where you have to disclose or lie or whatever and maybe omission is as much the same thing but I don't know, I've never been in this position before. ... It's not good and it's not a good situation. I'm, you know, I'm prepared. You know I've already kind of met my maker on what I've done to try to solve all these problems and I've just created more problems.

Leslie confirmed the status of the Phantom Loans in the following exchange:

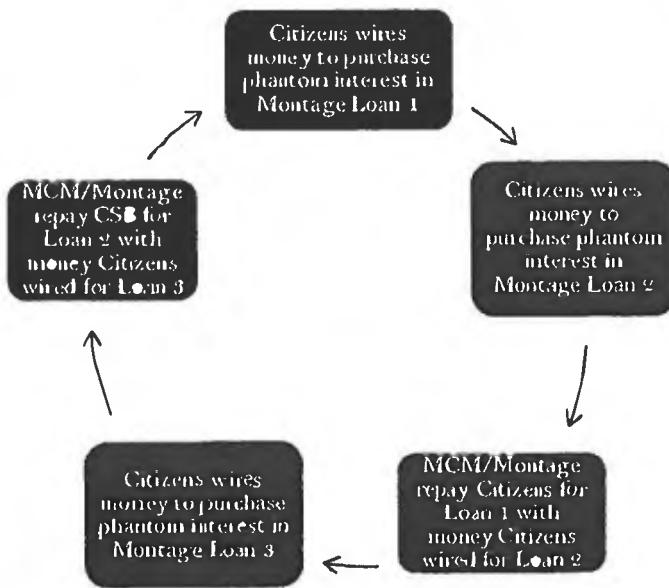
Citizens: "What I'm hearing [is] the only way to get the bank paid is based off of a lawsuit?"

Leslie: "Correct."

Citizens: "All right. So that's telling me then these loans are not going to pay. Are they real loans?"

Leslie: "I don't know what I should say or what I shouldn't say there. The loans are not gonna pay. ... I have no ability to make restitution of any sort right now. I mean, so if we — if this thing goes where a full everybody ripping everything apart and, you know, regulators come and, you know, authorities come and, you know, it — whatever happens to me but I just — there's nothing."

24. As a result of Leslie's confessions, Citizens conducted an investigation into its transaction history with Leslie and Montage. The investigation revealed that the litany of Leslie's "mistakes" likely amount to a large-scale scam that would have carried on indefinitely had Citizens not suspended its TMPP relationship with Montage. The scam appears to have relied on a continuous cycle of theft and fraud depicted in the following diagram:



When the music finally stopped on Leslie's musical-chairs game of fraud, Citizens was left holding \$3,872,745 worth of non-existent interests in the 12 Phantom Loans with no underlying property to serve as security. Defendants have failed and refused to repay Citizens for the funds

it wired for the Phantom Loans. All conditions precedent to enforcement of Citizens' claims have occurred or been waived or excused.

COUNT 1: FRAUD / STATUTORY FRAUD

25. Defendants made false representations to Citizens regarding the Phantom Loans. Specifically, Leslie and Montage falsely represented, among other things, that they:

- originated, delivered, marketed, and sold lawful, valid interests in secured mortgage loans on legitimate residential properties to Citizens;
- secured title on the underlying residential properties;
- set up a valid escrow arrangement to hold and direct Citizens' money for its intended purpose; and
- MCM was a valid investor and purchaser of mortgage loans.

26. Defendants knew these representations were false when they were made. Defendants made the representations with the intent that Citizens rely on them. Citizens justifiably relied on the representations by wiring money to purchase participation interests in what it believed to be valid, secured loans.

27. The transactions at issue involved real estate within the scope of Texas Business and Commerce Code § 27.01.

28. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of Defendants' actions.

COUNT 2: CIVIL THEFT

29. The actions of Defendants constitute civil theft because Defendants knowingly and without effective consent appropriated money belonging to Citizens for the purpose of using that property for their own benefit.

30. Defendants deceptively induced Citizens to wire money to purchase fictitious interests in the Phantom Loans. Defendants misappropriated at least \$3,872,745 in funds that belong to Citizens.

31. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of Defendants' actions.

COUNT 3: FRAUDULENT INDUCEMENT

32. Defendants made false representations to Citizens to induce Citizens to purchase phantom interests in fictitious mortgage loans, including that:

- Montage originated, delivered, marketed, and sold lawful, valid interests in secured mortgage loans on legitimate residential properties to Citizens;
- title was secured on the properties securing the loans;
- a valid escrow arrangement was established to hold and direct Citizens' money for its intended purpose; and
- MCM was a valid investor and purchaser of mortgage loans.

33. The representations were material. Defendants knew the representations were false when they were made, and made the representations with the intent that Citizens rely on them. Citizens justifiably relied on the representations before funding the Phantom Loans. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of Defendants' actions.

COUNT 4: MONEY HAD AND RECEIVED

34. Defendants hold money that, in equity and good conscience, belongs to Citizens. Specifically, Defendants defrauded Citizens into wiring money to purchase fictitious interests in the Phantom Loans and stole the money. Citizens is entitled to recover this money from Defendants.

COUNT 5: NEGLIGENCE

35. Defendants owed a duty of care to Citizens. Defendants failed to exercise ordinary care and acted negligently by engaging in the conduct addressed in Counts 1, 2, 3, 4, 6, and 7. Citizens has been injured as a proximate result of Defendants' negligence in an amount to be more fully demonstrated at trial.

COUNT 6: CONSPIRACY

36. Defendants acted pursuant to a common scheme designed to steal money from Citizens. Defendants committed overt acts in furtherance of the common scheme by, among other things, (a) making false representations to Citizens about the validity and marketability of the Phantom Loans and the use of Citizens' money and (b) delivering false loan documents and security instruments to Citizens. Defendants are jointly and severally liable for their tortious conduct. Citizens has been injured as a proximate result of the conspiracy in an amount to be more fully demonstrated at trial.

COUNT 7: AIDING AND ABETTING

37. Defendants acted with knowledge of each other's tortious conduct, as described above, and provided substantial assistance and encouragement to each other to effectuate their respective tortious acts. Defendants were aware of their role as part of these tortious activities at the time of providing the assistance. Defendants are therefore liable for aiding and abetting the tortious acts alleged herein. Citizens has been injured as a proximate result of Defendants actions in an amount to be more fully demonstrated at trial.

COUNT 8: UNJUST ENRICHMENT / CONSTRUCTIVE TRUST

38. Defendants committed fraud against Citizens. Defendants wrongfully stole money from Citizens by creating, delivering, and selling Citizens fake interests in the Phantom Loans. Accordingly, Citizens seeks the remedy of unjust enrichment because Defendants have been

unjustly enriched as a result of their actions. Citizens also seeks the remedy of a constructive trust related to these funds.

COUNT 9: EXEMPLARY DAMAGES

39. Defendants committed the tortious actions described herein with malice, gross negligence, and fraud, as those terms are defined by Chapter 41 of the Texas Civil Practice and Remedies Code. Therefore, Citizens is entitled to, and requests, an award of exemplary damages in an amount the trier of fact finds sufficient. *See* TEX. CIV. PRAC. & REM. CODE § 41.001, *et seq.*; TEX. BUS. & COMM. CODE § 27.01, *et seq.*

COUNT 10: BREACH OF CONTRACT

40. Citizens and Montage entered binding, enforceable contracts with Montage. Citizens fully performed its obligations under the Agreements. Montage breached the Agreements by, among other things, failing to perform the obligations set forth above in Paragraphs 17 and 18. Citizens has been injured as a proximate result of Montage's breach of contract in an amount to be more fully demonstrated at trial.

REQUEST FOR ATTORNEYS' FEES

41. Pursuant to Sections 38.001 and 184.001, *et seq.* of the Texas Civil Practice and Remedies Code, Section 27.001 of the Texas Business and Commerce Code, and the Agreement, is entitled to recover its reasonable attorneys' fees incurred as a result of bringing this action.

JURY DEMAND

42. Citizens requests trial by jury on all claims

PRAYER

WHEREFORE, Citizens requests that Defendants be cited to appear and answer and that on final hearing, Citizens have judgment against Defendants, jointly and severally for: actual damages, special or consequential damages, statutory damages, exemplary damages, a

constructive trust, disgorgement of all undue profits obtained by Defendants, pre-judgment interest, post-judgment interest, reasonable and necessary attorneys' fees for pre-trial, trial, all appeals, and petitions for review, costs of suit, and all other appropriate relief to which Citizens may be entitled in law or equity.

Respectfully submitted,

BELL NUNNALLY & MARTIN LLP

By: /s/ Christopher B. Trowbridge
Christopher B. Trowbridge
ctrowbridge@bellnunnally.com
Texas Bar No. 24008182
Kristopher D. Hill
Texas Bar No. 24066674
khill@bellnunnally.com

3232 McKinney Avenue, Suite 1400
Dallas, Texas 75204-2429
Telephone: (214) 740-1400
Telecopy: (214) 740-1499

**ATTORNEYS FOR PLAINTIFF
CITIZENS STATE BANK**

3893874_1.docx

Certified Payments

Page 1 of 1

PAYMENT DETAILS BY BUREAU

CERTIFIED PAYMENTS - PRINT RECEIPT

All Transactions Approved

Bureau: 9155546, McLennan County, TX, District Clerk CNT

Invoice Item	Amount (USD)	Conv. Fee (USD)	Result
Payment ID: 100171789250	\$6.00	\$1.00	Approved
Court Cost & Fees			
Total Amounts + All Fees:	\$7.00		

BILLING INFORMATION

Payment will be billed to:

Marina Green

Card ending in ..6814 (Mastercard)

Processed at 07/30/2018 9:19:46 AM CDT

LEGAL NOTICE

Certified Payments provides electronic payment services for consumers and businesses to make payments over the Internet for consumer debts and other debts and costs. By using Certified Payments, you, the consumer, are agreeing to the following terms and conditions. By continuing your payment activity, Certified Payments, you are agreeing to the terms and conditions listed in the Legal Disclosure box below. Please read all terms and conditions carefully.

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FILED
MCLENNAN COUNTY
7/6/2018 4:06 PM
JON R. GABLE, TURMAN
DISTRICT CLERK
FAX: 214.740.5787
BTURMAN@BELLNUNNALLY.COM

July 6, 2018

Maxine Barton

VIA EFILE.TXCOURTS.GOV

ATTN: McLennan County District Clerk
414th Judicial District Court
501 Washington Ave., Suite 300, Courthouse Annex
Waco, TX 76701

Re: Cause No. 2017-4071-5; Citizens State Bank v. Michael Scott Leslie, et al.;
In the 414th Judicial District Court of McLennan County, Texas

To Whom It May Concern:

Please issue a Citation for service of *Plaintiff's First Amended Original Petition* for each of the Defendants listed below:

1. Michael Scott Leslie;
2. Snowberry Settlements, LLC; and
3. Mortgage Capital Management, LLC.

Payment to issue the Citations is tendered concurrently with this filing. Should you have any questions or concerns, please feel free to contact me at my direct number listed above. You may also directly contact my assistant, Tonya Stephenson, at (214) 880-6617.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brent A. Turman'.

Brent A. Turman

BAT/tcs

3995100_1.DOC / 07139 00018

Envelope Details

Page 2 of 2

Courtesy Copies	darcher@bellnunnally.com
Status	Accepted
Accepted Date	7/6/2018 1:31 PM
Fees	
Court Fee	\$66.00
Service Fee	\$0.00
Optional Services	
Issue Citation	\$24.00 (3 x \$8.00)
Copies - Certified	\$42.00 (42 x \$1.00)
Documents	
<i>Lead Document</i>	Citizens - First Amended Original Petition.pdf
	<u>[Original]</u> <u>[Transmitted]</u>

eService Details

Name/Email	Firm	Service Method	Status	Served	Date/Time Opened
Kristopher D Hill khill@bellnunnally.com		EServe	Sent	Yes	Not Opened
Christopher Trowbridge ctrowbridge@bellnunnally.com		EServe	Sent	Yes	Not Opened
Brent A Turman bturman@bellnunnally.com		EServe	Sent	Yes	Not Opened

Envelope Details

Page 1 of 2

[Print this page](#)**Case # 2017-4071-5****Case Information**

Location McLennan County - District Clerk
 Date Filed 7/6/2018 4:06 PM
 Case Number 2017-4071-5

Case Description**Assigned to Judge**

Attorney Brent Turman
 Firm Name Bell Nunnally & Martin LLP

Filed By Tonya Stephenson
 Filer Type Not Applicable

Fees

Convenience Fee	\$1.97
Total Court Case Fees	\$0.00
Total Court Party Fees	\$0.00
Total Court Filing Fees	\$66.00
Total Court Service Fees	\$2.00
Total Filing & Service Fees	\$0.00
Total Provider Service Fees	\$0.00
Total Provider Tax Fees	\$0.00
Total Taxes (for non-court fees)	\$0.00
Grand Total	\$69.97

Payment

Account Name	BN Account
Transaction Amount	\$69.97
Transaction Response	Approved
Transaction ID	39375641
Order #	025801481-0

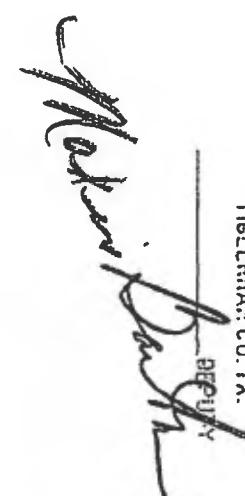
Request

Filing Type	EFileAndServe
Filing Code	Request
Filing Description	Letter to McLennan County District Clerk re Request for Issuance of Citations
Reference Number	07139.00018
Comments	
Status	Accepted

FILED

2018 JUL -6 PM 4:32

JOHN R. GRIFFIE
 DISTRICT CLERK
 MCLENNAN CO. TX.



Envelope Details

Page 2 of 2

Accepted Date	7/6/2018 4:14 PM
Fees	
Court Fee	\$66.00
Service Fee	\$0.00
Optional Services	
Copies - Certified	\$42.00 (42 x \$1.00)
Issue Citation	\$24.00 (3 x \$8.00)
Documents	
<i>Lead Document</i>	Letter to McLennan County District Clerk.pdf
	<u>[Original]</u> <u>[Transmitted]</u>

eService Details

Name/Email	Firm	Service Method	Status	Served	Date/Time Opened
Kristopher D Hill khill@bellnunnally.com		EServe	Sent	Yes	Not Opened
Christopher Trowbridge ctrowbridge@bellnunnally.com		EServe	Sent	Yes	Not Opened
Brent A Turman bturman@bellnunnally.com		EServe	Sent	Yes	Not Opened
Debbie Archer darcher@bellnunnally.com	Bell Nunnally Martin	EServe	Sent	Yes	Not Opened
Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

COPY

PAPER# 8 & 9
PRIVATE PROCESS SERVER

TO: MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, DEFENDANT - 6308 SNOWBERRY LANE, NIWOT, COLORADO 80503, BY SERVING THEIR STATUTORY AGENT, TEXAS SECRETARY OF STATE AT CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: FIRST AMENDED ORIGINAL PETITION

Pleading File Date: JULY 6, 2018

Cause No: 2017-4071-5

NOTICE

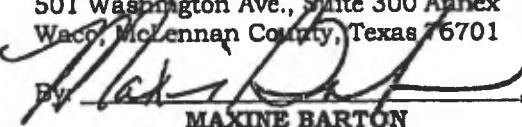
You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading, a default judgment may be taken against you.

The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: JULY 9, 2018.

CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff

Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701

By , Deputy
MAXINE BARTON

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY**

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 8 & 9

Pleading: **FIRST AMENDED ORIGINAL PETITION**

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____ M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____ M; in person, a true copy of this citation with a true and correct copy of the pleading attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$ _____ County, Texas

NO SHERIFF OR CONSTABLE
FEES COLLECTED

By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____.

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____.

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, DEFENDANT - 6308 SNOWBERRY LANE, NIWOT, COLORADO 80503, BY SERVING THEIR STATUTORY AGENT, TEXAS SECRETARY OF STATE AT CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

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PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: FIRST AMENDED ORIGINAL PETITION

Pleading File Date: JULY 6, 2018

Cause No: 2017-4071-5

NOTICE

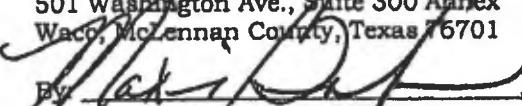
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The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: JULY 9, 2018.

**CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701

By  Deputy
MAXINE BARTON

RETURN OF SERVICE

Style: CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 8 & 9

Pleading: FIRST AMENDED ORIGINAL PETITION

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____ M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____ M; in person, a true copy of this citation with a true and correct copy of the pleading attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$ _____ County, Texas

NO SHERIFF OR CONSTABLE
FEES COLLECTED

By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: SNOWBERRY SETTLEMENTS, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, DEFENDANT - HOME OFFICE, 357 MCCASLIN BLVD., SUITE 200, LOUISVILLE, CO. 80027, BY SERVING THEIR STATUTORY AGENT, TEXAS SECRETARY OF STATE, CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: FIRST AMENDED ORIGINAL PETITION

Pleading File Date: JULY 6, 2018

Cause No: 2017-4071-5

NOTICE

You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading, a default judgment may be taken against you.

The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: JULY 9, 2018.

CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff

Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701

[Signature]
By: *[Signature]* Deputy
MAXINE BARTON

RETURN OF SERVICE

Style: CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 10 & 11

Pleading: FIRST AMENDED ORIGINAL PETITION

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____M; in person, a true copy of this citation with a true and correct copy of the pleading attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$_____ **NO SHERIFF OR CONSTABLE FEES COLLECTED** _____ County, Texas
By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____
_____.

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

TO: SNOWBERRY SETTLEMENTS, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, DEFENDANT - HOME OFFICE, 357 MCCASLIN BLVD., SUITE 200, LOUISVILLE, CO. 80027, BY SERVING THEIR STATUTORY AGENT, TEXAS SECRETARY OF STATE, CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: FIRST AMENDED ORIGINAL PETITION

Pleading File Date: JULY 6, 2018

Cause No: 2017-4071-5

NOTICE

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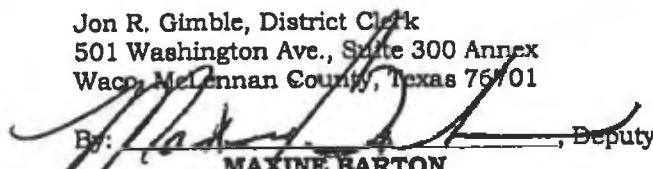
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ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.

Issue Date: JULY 9, 2018.

**CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701**

**By:  Deputy
MAXINE BARTON**

RETURN OF SERVICE

Style: CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 10 & 11

Pleading: FIRST AMENDED ORIGINAL PETITION

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FEES: Serving one (1) copy

Total \$_____ NO SHERIFF OR CONSTABLE
FEES COLLECTED _____ County, Texas
By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my
date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State
of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant*

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

COPY
PAPER# 12 & 13
PRIVATE PROCESS SERVER

TO: MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, DEFENDANT - 2121 EISENHOWER AVENUE, SUITE 200, ALEXANDRIA, VIRGINIA 22314, BY SERVING THEIR STATUTORY AGENT, TEXAS SECRETARY OF STATE, CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: FIRST AMENDED ORIGINAL PETITION

Pleading File Date: JULY 6, 2018

Cause No: 2017-4071-5

NOTICE

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ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: JULY 9, 2018.

**CHRISTOPHER E. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff**

**Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701**

**By: *Maxine Barton*, Deputy
MAXINE BARTON**

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY**

Cause No: **2017-4071-5**

Court: **414TH JUDICIAL DISTRICT**

Paper#: **12 & 13**

Pleading: **FIRST AMENDED ORIGINAL PETITION**

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____M; in person, a true copy of this citation with a true and correct copy of the pleading attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy _____

Total \$ _____ County, Texas

**NO SHERIFF OR CONSTABLE
FEES COLLECTED**

By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

COPY

PAPER# 12 & 13
PRIVATE PROCESS SERVER

TO: MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, DEFENDANT - 2121 EISENHOWER AVENUE, SUITE 200, ALEXANDRIA, VIRGINIA 22314, BY SERVING THEIR STATUTORY AGENT, TEXAS SECRETARY OF STATE, CITATIONS UNIT, P.O. BOX 12079, AUSTIN, TEXAS 78711 OR 1019 BRAZOS STREET, AUSTIN, TEXAS 78701

GREETINGS:

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PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION

Plaintiff

VS.

MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: FIRST AMENDED ORIGINAL PETITION

Pleading File Date: JULY 6, 2018

Cause No: 2017-4071-5

NOTICE

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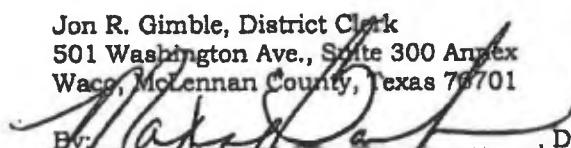
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Issue Date: JULY 9, 2018.

CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorney for Plaintiff

Jon R. Gimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701

By: 
MAXINE BARTON, Deputy

RETURN OF SERVICE

Style: CITIZENS STATE BANK, A TEXAS FINANCIAL INSTITUTION VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY AND MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN NONRESIDENT COLORADO LIMITED LIABILITY COMPANY

Cause No: 2017-4071-5

Court: 414TH JUDICIAL DISTRICT

Paper#: 12 & 13

Pleading: FIRST AMENDED ORIGINAL PETITION

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FEES: Serving one (1) copy

Total \$_____ County, Texas

**NO SHERIFF OR CONSTABLE
FEES COLLECTED**

By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"



FILED
MCLENNAN COUNTY
7/16/2018 4:10 PM
JON R. GIMBLE
DISTRICT CLERK
Tiffany Crim

The State of Texas
Secretary of State

2018-294199-3

I, the undersigned, as Secretary of State of Texas DO HEREBY CERTIFY that according to the records of this office, a copy of the Citation and First Amended Original Petition in the cause styled:

Citizens State Bank VS Michael Scott Leslie, Montage Mortgage LLC, Snowberry Settlements LLC and Mortgage Capital Management
414th Judicial District Court Of McLennan County, Texas
Cause No: 201740715

was received by this office on July 13, 2018, and that a copy was forwarded on July 16, 2018, by CERTIFIED MAIL, return receipt requested to:

Michael Scott Leslie
6308 Snowberry Lane
Niwot, CO 80503



Date issued: July 16, 2018

A handwritten signature in black ink, appearing to read "R B P".

Rolando B. Pablos
Secretary of State
GF/vm



FILED
MCLENNAN COUNTY
7/16/2018 4:10 PM
JON R. GIMBLE
DISTRICT CLERK
Tiffany Crim

**The State of Texas
Secretary of State**

2018-294199-2

I, the undersigned, as Secretary of State of Texas DO HEREBY CERTIFY that according to the records of this office, a copy of the Citation and First Amended Original Petition in the cause styled:

Citizens State Bank VS Michael Scott Leslie, Montage Mortgage LLC, Snowberry Settlements LLC and Mortgage Capital Management
414th Judicial District Court Of McLennan County, Texas
Cause No: 201740715

was received by this office on July 13, 2018, and that a copy was forwarded on July 16, 2018, by CERTIFIED MAIL, return receipt requested to:

Snowberry Settlements LLC
357 McCaslin Blvd., Suite 200
Louisville, CO 80027



Date issued: July 16, 2018

A handwritten signature in black ink, appearing to read "R B P" or "R. B. Pablos".

**Rolando B. Pablos
Secretary of State
GF/vm**



FILED
MCLENNAN COUNTY
7/16/2018 4:10 PM
JON R. GIMBLE
DISTRICT CLERK
Tiffany Crim

The State of Texas
Secretary of State

2018-294199-1

I, the undersigned, as Secretary of State of Texas DO HEREBY CERTIFY that according to the records of this office, a copy of the Citation and First Amended Original Petition in the cause styled:

Citizens State Bank VS Michael Scott Leslie, Montage Mortgage LLC, Snowberry Settlements LLC and Mortgage Capital Management
414th Judicial District Court Of McLennan County, Texas
Cause No: 201740715

was received by this office on July 13, 2018, and that a copy was forwarded on July 16, 2018, by CERTIFIED MAIL, return receipt requested to:

Mortgage Capital Management LLC
2121 Eisenhower Avenue, Suite 200
Alexandria, VA 22314



Date issued: July 16, 2018

A handwritten signature in black ink, appearing to read "RBP".

Rolando B. Pablos
Secretary of State
GF/vm

FILED
MCLENNAN COUNTY
7/17/2018 4:33 PM
JON R. GIMBLE
DISTRICT CLERK

CAUSE NO. 2017-4071-5

Paige Edmundson

CITIZENS STATE BANK,

IN THE DISTRICT COURT OF

Plaintiff,

v.

MICHAEL SCOTT LESLIE,
MONTAGE MORTGAGE, LLC,
SNOWBERRY SETTLEMENTS, LLC,
MORTGAGE CAPITAL
MANAGEMENT, LLC, and
TRAVELERS BOND AND SPECIALTY
INSURANCE

MCLENNAN COUNTY, TEXAS

Defendants.

414th JUDICIAL DISTRICT

PLAINTIFF'S SECOND AMENDED ORIGINAL PETITION

Plaintiff Citizens State Bank ("Citizens") complains of Defendants Michael Scott Leslie ("Leslie"), Montage Mortgage, LLC ("Montage"), Snowberry Settlements, LLC ("Snowberry"), Mortgage Capital Management, LLC ("MCM") (collectively, "Defendants") and Travelers Bond and Specialty Insurance.

PRELIMINARY STATEMENT

1. This case is based on a scam orchestrated by Leslie and his tangled web of affiliates—Montage, Snowberry, and MCM—to steal at least \$3,872,745 from Citizens. While the depth of Leslie's fraudulent scam runs deep, he has specifically confessed to inducing Citizens into wiring funds to purchase phantom interests in 12 fictitious mortgage loans.

DISCOVERY CONTROL PLAN

2. Discovery shall be conducted under Level 2. *See Tex. R. Civ. P. 190.3.*

PARTIES

3. Plaintiff Citizens is a Texas state bank.

4. Defendant Leslie is a nonresident natural person who resides at 6308 Snowberry Lane, Niwot, Colorado 80503. Leslie has done business in Texas by forming and operating businesses in Texas, entering contracts to perform obligations in Texas, and committing torts in Texas. This lawsuit arises from Leslie's business in Texas and torts committed in Texas. Although Leslie has engaged in business in the State of Texas, he does not maintain a home address or regular place of business in Texas. Leslie also does not maintain a designated agent for service of process in Texas. Defendant has been served with citation through the Texas Secretary of State which has mailed a copy of the first amended petition and citation to Leslie's home address at 6308 Snowberry Lane, Niwot, Colorado 80503.

5. Defendant Montage is a Texas limited liability company authorized to conduct business in Texas. Montage may be served with process through its registered agent, American Mortgage Licensing, LLC ("AML"), at 805 Country Club Dr., Heath, Texas 75032. AML's registered agent, Michael Crouse, has been served with process on behalf of AML and Montage at 805 Country Club Dr., Heath, Texas 75032.

6. Defendant Snowberry Settlements, LLC is a foreign, nonresident Colorado limited liability company organized and formed by Leslie and doing business in Texas by contracting to perform an obligation in Texas and committing torts in Texas. This lawsuit arises from Snowberry's business in Texas and torts committed in Texas. Although Snowberry has engaged in business in the State of Texas, Snowberry does not maintain a regular place of business in Texas. Snowberry also does not maintain a designated agent for service of process in Texas. Therefore, Snowberry has been served with citation through the Secretary of State for the State of Texas. The Texas Secretary of State has mailed a copy of the citation and the first amended petition to

Snowberry at Snowberry Settlements, LLC's home office located at 357 McCaslin Blvd., Suite 200, Louisville, CO 80027.

7. Defendant Mortgage Capital Management, LLC is a foreign, nonresident Colorado limited liability company organized and formed by Leslie and doing business in Texas by contracting to perform an obligation in Texas and committing torts in Texas. This lawsuit arises from MCM's business in Texas and torts committed in Texas. Even though MCM has engaged in business in the State of Texas, MCM does not maintain a regular place of business in Texas. MCM also does not maintain a designated agent for service of process in Texas. Therefore, MCM has been served with citation through the Secretary of State for the State of Texas. The Texas Secretary of State has mailed a copy of the citation and the first amended petition to MCM at its home office, located at 2121 Eisenhower Avenue, Suite 200, Alexandria, Virginia 22314.

The defendants identified above are referred to collectively as the "Fraud Defendants".

8. Defendant Travelers is an Insurance Company licensed to do business in the State of Texas, and may be served with process by serving its attorney for service listed with the Texas Department of Insurance: Chandra Sperry, 15700 Long Vista Dr., Austin, Texas 78720-3822.

JURISDICTION

9. Citizens seeks monetary relief over \$1,000,000; and the damages sought by Citizens are within the jurisdictional limits of the court. *See Tex. R. Civ. P. 47(b), (c)(5).*

VENUE

10. Venue is proper in McLennan County, Texas because a substantial part of the events or omissions giving rise to the claims asserted occurred in McLennan County, Texas.

FACTUAL BACKGROUND

A. Citizens State Bank

11. Citizens is a state bank that has provided community-banking services to customers throughout central and southeast Texas for over 98 years. Citizens' core back-office departments, including its finance, accounting, human resources, marketing, and warehouse lending departments, are based in McLennan County, Waco, Texas. Citizens operates a warehouse mortgage lending program, internally referred to as its "Temporary Mortgage Participation Program" or "TMPP." In a typical TMPP transaction, Citizens provides a funding facility to a licensed mortgage originator (the "Client") in exchange for a loan-participation interest in a residential mortgage loan and related security instrument submitted by the Client. The funding facility allows the Client to fund mortgage loans to borrowers and then sell the loans—generally, 30-45 days later—on the secondary market to a mortgage investor. Once the Client sells the loan to an investor on the secondary market, Citizens is repaid the principal amount it paid for its participation interest, plus interest and fees for the temporary time the loan was held by the Client.

B. Leslie's Tangled Web of Affiliates

12. Leslie formed Montage in Texas. Leslie represented to Citizens that Montage is licensed to originate mortgage loans in Texas and other states.

13. Leslie formed Snowberry in 2015. Leslie represented to Citizens that Snowberry is a title company engaged in the business of maintaining escrow accounts for money provided to fund mortgage loans. Snowberry's listed registered agent address is the same as the address of Leslie's personal residence.

14. Leslie formed MCM in 2015. Leslie represented to Citizens that MCM is an investor in mortgage loans.

C. Leslie lures Citizens into a warehouse lending relationship

15. In 2014, Montage acquired Ameritrust Mortgage, Inc., which had been a TMPP client of Citizens since 2010. Soon after the acquisition, Leslie sought to assume Ameritrust's role in the TMPP by painting the picture of being an experienced mortgage banker expanding his business with a well-thought-out strategic plan.

16. Citizens and Montage subsequently entered a Loan Participation Agreement, Participation Administrating Agreement, and Amended and Restated Loan Participation Agreement (collectively, the "Agreements"), which enabled Montage to offer Citizens opportunities to purchase 99% participation interests in residential mortgage loans and security instruments originated by Montage. In exchange for Citizens purchasing a 99% participation interest in a Montage loan, the Agreements required Montage to, among other things: (a) deliver to Citizens the executed loan and security instruments and required underwriting documentations executed by the borrower; and (b) immediately upon receipt of any payment from an investor, repay the principal loan amount funded by Citizens plus Citizens' respective share of the interest accrued on the loan and fees during the temporary time it was held by Montage.

17. Montage provided numerous express warranties to Citizens under the Agreements, including:

- Montage (i) is the sole and lawful owner of each Mortgage Loan, has good and marketable title thereto, free and clear of all security interests and liens, pledges, charges, encumbrances, or any interests of any other party; and (ii) has the full right and authority to assign and transfer each Mortgage Loan and the Participation Interest therein to [Citizens]
- The Mortgage Loan has been in accordance with loan underwriting standards and guidelines of Citizens
- Each Mortgage Note has been executed by the Borrower, each Borrower is fully competent to execute the Mortgage Note and the Mortgage Note is genuine and is legal and enforceable against Borrower in accordance with its terms.

- The Mortgage Loan was made pursuant to and in compliance with all applicable federal and state laws, rules, and regulations
- All copies of any Collateral Documents or Loan Papers furnished to Citizens are accurate and complete copies of the originals of such documents or papers.
- Montage has no knowledge at the time of the sale of each Participation Interest of any conditions which would impair the Mortgage Loan. No condition exists with respect to such Mortgage Loan which could give rise to any right of rescission, set-off, counterclaim, or defense with regard to the Mortgage Loan
- With respect to any Mortgage Loan which provides for escrows, all escrows have been properly collected and disbursed and a proper escrow account analysis has been prepared and timely delivered to the Borrower.
- There are no irregularities, deficiencies, defects, or falsifications concerning the Mortgage Loan
- Montage has full power and authority to originate, market, sell and service each Subject Mortgage Loan and to enter into and consummate all transactions contemplated by this Agreement and to enter into and consummate all transactions contemplated by this Agreement

18. The Agreement contains security mechanisms to secure Citizens' purchases of participation interests, including the obligation that "[u]pon the default of any provision of the Agreement or the breach of any representation or warranty made by [Montage] . . . , [Montage] shall be obligated to, and shall, immediately repurchase from Citizens the Participation Interest in the Mortgage Loan for the Repurchase Price."

19. Throughout Citizens' relationship with Ameritrust and Montage, Citizens purchased participation interests in over 1,400 loans totaling over \$287 million. In late 2015, Leslie began orchestrating mortgage transactions that involved Snowberry, as a purported settlement agent authorized to escrow funds and close loans, and MCM, as a purported mortgage investor. Uninformed of Leslie's tangled affiliation with Montage, Snowberry, and MCM, from October 2015 through October 2017, Citizens purchased 144 participation interests totaling \$31,908,808.88

in loans involving Leslie and his affiliates. Leslie never disclosed his or Montage's affiliation with Snowberry or MCM.

20. Citizens purchased an insurance policy from Travelers by and through Travelers' agent in McLennan County, Texas, Wes Bailey of Bailey Risk Management and Insurance, Inc. Coverage for fraud and forgery in connection with its mortgage and securities business were included in the policy. This policy was to cover incidents like the one which forms the basis of this suit. Citizens notified Travelers of the fraud which forms the basis of this suit and filed a timely proof of claim for the losses sustained as a result of the conduct of the fraud defendants. Travelers denied the claim five months after the proof of loss was filed.

D. Defendants' Scam Unravels

21. In each of the transactions Leslie orchestrated to involve Montage, Snowberry, and MCM, Montage submitted a mortgage-loan package to Citizens that included underwriting materials, together with an executed note and mortgage. In many cases, the purported borrower was a previous borrower of Montage who appeared to be seeking to refinance an original mortgage. As a result, Montage had significant information about the purported borrowers from previous loan packages. Defendants even provided Mortgage Identification Numbers assigned by the Mortgage Electronic Registration Systems and other identifying information to add underwriting credence to the transactions. Citizens paid for all of its participation interests in these loans by wiring money pursuant to Leslie's directions. Before CSB wired any money in these transactions, Leslie represented that MCM could serve as the ultimate secondary-market investor to purchase/settle the loans and send the sales proceeds to Citizens.

22. On October 17, 2017, Citizens informed Leslie over the phone that it needed to suspend its purchase of participation interests in Montage loans and desired to close out its existing

pipeline of participation interests in 23 outstanding Montage loans. Realizing his scam was on the verge of ending, Leslie reached out later the same day and asked if he could travel from his home in Colorado to meet with Citizens' President the very next day. At the meeting the following day, Leslie confessed that only 11 of the 23 outstanding loans were legitimate and could be sold on the secondary market to pay off Citizens in the normal course of business. Leslie admitted that Citizens had purchased phantom participation interests in the remaining 12 outstanding loans (the "Phantom Loans") that would not be repaid. The reason why: Leslie secretly pocketed the money.

23. In reference to the Phantom Loans, Leslie specifically confessed:

- "You know we'll be able to pay off [the Phantom Loans] in a longer time frame. So, what I'm gonna request from you is a 6-month to 12-month time frame to pay the rest of them off so — and I've got the — you know, I've got reasons for that, but I don't think we want to go into those I've got a big, giant, lawsuit against another company that's gonna settle ... out as soon as December. I'm gonna want up to 12 months if we can structure it that way. And [then] the bank will get their money."
- "There's been a giant number of mistakes that are gonna, you know — they're — if we can just structure a longer term pay out on the balance and give me a chance to get this lawsuit to the goal line, it's a real deal, it'll get you paid."
- "I have created massive problems by making mistakes that were not, you know, were not personally motivated or driven but it is what it is at this point. I mean I got — you know, so I got a problem and the way to fix the problem is to let the lawsuit manifest, you know, a settlement and then we get this knocked out."
- "Can I have 12 loans — or some way to structure something that gets us time to let that lawsuit pay. That's all we got. That's all I got I put myself in a bad position by making, you know, an original mistake that led to a thousand others"
- "I'm just here in front of you because, you know, I want you to see me as a regretful, remorseful person that's gonna — I'm gonna fix this if you give me a chance, or if the board gives me the chance, but I don't know how to handle it from here other than to come talk to you and I didn't — I hadn't sought legal advice. I haven't -- you know what I mean? I don't know where it goes from here. I just know that you've got some loans that need to get

paid and then -- then we need to, if it's possible work out a time frame on these others and that what's I'm here to ask."

24. In response to these bombshells, Citizens asked Leslie: "Why won't [the Phantom Loans] pay off in the normal course of business." Leslie's incriminating response was:

They — they just — they won't. You know, they just won't and I don't know, you know, what language to use there. I don't want to dance around it. ... I don't know what I should say to you that would put you in a position where you have to go, you know, I'm trying to — I'm trying to play kind of a semantics game here that I'm not comfortable playing 'cause I've never been in this position before but you just don't want to dig deeper on these loans. You just don't. And you know there's a problem there. ... I think the less that the bank knows maybe the better. Because if the bank knows something the bank might have to disclose something ... and I don't want to put you in the position where you have to disclose or lie or whatever and maybe omission is as much the same thing but I don't know, I've never been in this position before. ... It's not good and it's not a good situation. I'm, you know, I'm prepared. You know I've already kind of met my maker on what I've done to try to solve all these problems and I've just created more problems.

Leslie confirmed the status of the Phantom Loans in the following exchange:

Citizens: "What I'm hearing [is] the only way to get the bank paid is based off of a lawsuit?"

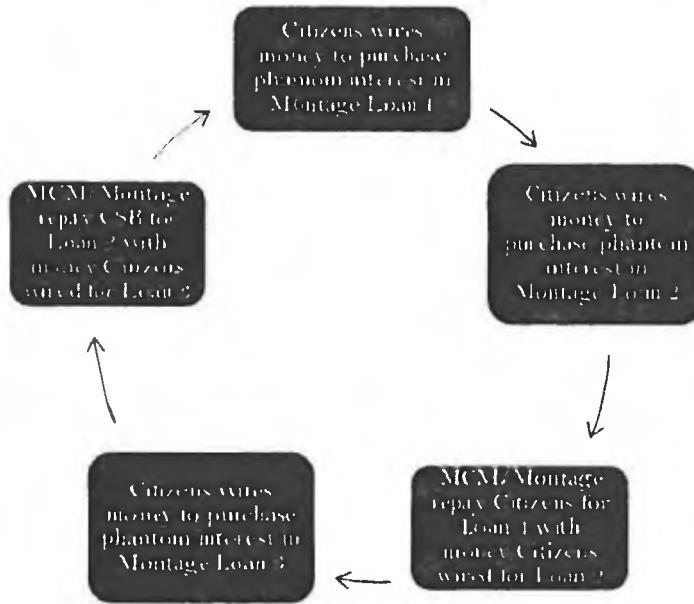
Leslie: "Correct."

Citizens: "All right. So that's telling me then these loans are not going to pay. Are they real loans?"

Leslie: "I don't know what I should say or what I shouldn't say there. The loans are not gonna pay. ... I have no ability to make restitution of any sort right now. I mean, so if we — if this thing goes where a full everybody ripping everything apart and, you know, regulators come and, you know, authorities come and, you know, it — whatever happens to me but I just — there's nothing."

25. As a result of Leslie's confessions, Citizens conducted an investigation into its transaction history with Leslie and Montage. The investigation revealed that the litany of Leslie's "mistakes" likely amount to a large-scale scam that would have carried on indefinitely had Citizens

not suspended its TMPP relationship with Montage. The scam appears to have relied on a continuous cycle of theft and fraud depicted in the following diagram:



When the music finally stopped on Leslie's musical-chairs game of fraud, Citizens was left holding \$3,872,745 worth of non-existent interests in the 12 Phantom Loans with no underlying property to serve as security. Defendants have failed and refused to repay Citizens for the funds it wired for the Phantom Loans. All conditions precedent to enforcement of Citizens' claims have occurred or been waived or excused.

26. Travelers was presented with and denied the Claim.
27. On December 18, 2017, Citizens filed a Proof of Loss with Travelers. The claim related to the fraudulent loans detailed above resulting in a loss of \$3,872,745.00 by Citizens. Citizens had purchased a Bond (No. 071-LB-105912142) from Travelers with the effective dates of April 1, 2017 to April 1, 2018 to cover losses incurred as a result of fraud and forgery. The policy was purchased and designed to cover precisely the type of loss sustained by Citizens as a result of the actions of the fraud defendants. Citizens discovered the fraud which forms the basis

of this suit in October 2017. Citizens filed a proof of loss within the terms of the policy. Travelers denied coverage for this loss on May 18, 2018 on the purported basis that neither Citizens nor an authorized representative of Citizens had actual physical possession of the original note or mortgage/deed of trust at the time Citizens funded/purchased the participation. Travelers further justified their denial of coverage on the basis that Snowberry was not Citizens' authorized representative for purposes of these transactions. Travelers specifically determined that Snowberry was not an agent of Citizens despite the fact that there was an ongoing relationship resulting in the successful closing of over 125 loans where Snowberry acted as Citizens authorized representative, either as a title company and /or closing agent for these transactions. On May 25, 2018, Travelers formally denied coverage for this claim. The correspondence denying coverage states:

Based upon the information submitted, the loss does not fall within the coverage provided by the Securities Insuring Agreement because neither Citizens nor an authorized representative of Citizens had actual physical possession of the original note or mortgage/deed of trust at the time Citizens funded/purchased the participation in the associated loan.

Travelers attempted to justify their denial as follows:

Citing to Insuring Agreement E Citizens must have actual physical possession of the Original note or mortgage/deed of trust at the time it funded or purchased the participation. This could be satisfied if either Citizens *or its authorized representative* had possession of the original documents at the time Citizens wired the funds. (Emphasis added).

28. It is clear that there in fact was an express and/or implied agency relationship between Snowberry and Citizens. The fact that wiring instructions were provided, and funds were wired to Snowberry is evidence that an express or implied agreement existed wherein Snowberry was to fund a mortgage loan and deliver an original promissory note from the borrower within a short time following closing. This express or implied agreement between Citizens and Snowberry was played out 144 times, including with respect to the twelve loans subject to this claim. In each case,

money was wired to Snowberry and the original note was sent to the Bank. It is abundantly clear that an agreement existed, whether express or implied, as evidenced by the fact that upon receipt of funds from the Citizens by Snowberry, an original note and other closing documents were sent to Citizens. Citizens and Snowberry acted on this agreement many times over the course of their relationship.

29. Further, Citizens extended credit in exchange for a participation certificate evidencing Citizen's interest in the mortgage loan, the original of which was in the possession of Montage. Montage was expressly obligated under the terms of its Amended and Restated Loan Participation Agreement (section 10) to forward the original note and other loan documents to Citizens within five days after the closing of the loan. This is precisely the type of arrangement contemplated by the Travelers policy when it allows the requirement of actual physical possession of original items (including the note) to be satisfied by possession of an authorized party. Montage, as the representative of Citizens, had an express obligation to forward the original note to Citizens and did so many times.

30. All conditions precedent to enforcement of Citizens' claims have occurred or been waived or excused.

COUNT 1: FRAUD/ STATUTORY FRAUD

31. The Fraud Defendants made false representations to Citizens regarding the Phantom Loans. Specifically, Leslie and Montage falsely represented, among other things, that they:

- originated, delivered, marketed, and sold lawful, valid interests in secured mortgage loans on legitimate residential properties to Citizens;
- secured title on the underlying residential properties;

- set up a valid escrow arrangement to hold and direct Citizens' money for its intended purpose; and
- MCM was a valid investor and purchaser of mortgage loans.

32. The Fraud Defendants knew these representations were false when they were made.

The Fraud Defendants made the representations with the intent that Citizens rely on them. Citizens justifiably relied on the representations by wiring money to purchase participation interests in what it believed to be valid, secured loans.

33. The transactions at issue involved real estate within the scope of Texas Business and Commerce Code § 27.01.

34. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of the Fraud Defendants' actions.

COUNT 2: CIVIL THEFT

35. The actions of the Fraud Defendants constitute civil theft because the Fraud Defendants knowingly and without effective consent appropriated money belonging to Citizens for the purpose of using that property for their own benefit.

36. The Fraud Defendants deceptively induced Citizens to wire money to purchase fictitious interests in the Phantom Loans. The Fraud Defendants misappropriated at least \$3,872,745 in funds that belong to Citizens.

37. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of the Fraud Defendants' actions.

COUNT 3: FRAUDULENT INDUCEMENT

38. The Fraud Defendants made false representations to Citizens to induce Citizens to purchase phantom interests in fictitious mortgage loans, including that:

- Montage originated, delivered, marketed, and sold lawful, valid interests in secured mortgage loans on legitimate residential properties to Citizens;
- title was secured on the properties securing the loans;
- a valid escrow arrangement was established to hold and direct Citizens' money for its intended purpose; and
- MCM was a valid investor and purchaser of mortgage loans.

39. The representations were material. The Fraud Defendants knew the representations were false when they were made and made the representations with the intent that Citizens rely on them. Citizens justifiably relied on the representations before funding the Phantom Loans. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of the Fraud Defendants' actions.

COUNT 4: MONEY HAD AND RECEIVED

40. The Fraud Defendants hold money that, in equity and good conscience, belongs to Citizens. Specifically, the Fraud Defendants defrauded Citizens into wiring money to purchase fictitious interests in the Phantom Loans and stole the money. Citizens is entitled to recover this money from the Fraud Defendants.

COUNT 5: NEGLIGENCE

41. The Fraud Defendants owed a duty of care to Citizens. The Fraud Defendants' failed to exercise ordinary care and acted negligently by engaging in the conduct addressed in Counts 1, 2, 3, 4, 6, and 7. Citizens has been injured as a proximate result of the Fraud Defendants' negligence in an amount to be more fully demonstrated at trial.

COUNT 6: CONSPIRACY

42. The Fraud Defendants acted pursuant to a common scheme designed to steal money from Citizens. The Fraud Defendants committed overt acts in furtherance of the common scheme

by, among other things, (a) making false representations to Citizens about the validity and marketability of the Phantom Loans and the use of Citizens' money and (b) delivering false loan documents and security instruments to Citizens. The Fraud Defendants are jointly and severally liable for their tortious conduct. Citizens has been injured as a proximate result of the conspiracy in an amount to be more fully demonstrated at trial.

COUNT 7: AIDING AND ABETTING

43. The Fraud Defendants acted with knowledge of each other's tortious conduct, as described above, and provided substantial assistance and encouragement to each other to effectuate their respective tortious acts. The Fraud Defendants were aware of their role as part of these tortious activities at the time of providing the assistance. The Fraud Defendants are therefore liable for aiding and abetting the tortious acts alleged herein. Citizens has been injured as a proximate result of the Fraud Defendants actions in an amount to be more fully demonstrated at trial.

COUNT 8: UNJUST ENRICHMENT / CONSTRUCTIVE TRUST

44. The Fraud Defendants committed fraud against Citizens. The Fraud Defendants wrongfully stole money from Citizens by creating, delivering, and selling Citizens fake interests in the Phantom Loans. Accordingly, Citizens seeks the remedy of unjust enrichment because the Fraud Defendants have been unjustly enriched as a result of their actions. Citizens also seeks the remedy of a constructive trust related to these funds.

COUNT 9: BREACH OF CONTRACT

(FRAUD DEFENDANTS)

45. Citizens and Montage entered binding, enforceable contracts with Montage. Citizens fully performed its obligations under the Agreements. Montage breached the Agreements by, among other things, failing to perform the obligations set forth above in Paragraphs 17 and 18.

Citizens has been injured as a proximate result of Montage's breach of contract in an amount to be more fully demonstrated at trial.

**COUNT 10: BREACH OF CONTRACT
(TRAVELERS)**

46. The conduct of Travelers constitutes a breach of contract in that Travelers has failed to pay Citizens' covered claim under the terms of the bond. As a consequence, Citizens has suffered damages. Citizens is entitled to pursue all remedies and damages available to it for Travelers' wrongful conduct.

**COUNT 11: VIOLATIONS OF TEXAS INSURANCE CODE ANNOTATED SECTION
542.060, *ET SEQ.*
(TRAVELERS)**

47. The conduct of Travelers violates the Texas Prompt Pay Statute, Texas Insurance Code section 542.060, *et seq.* entitling Citizens to the amount of the claim, interest on the amount of the claim at the rate of eighteen percent (18%) a year as damages, together with reasonable attorney's fees.

**COUNT 12: VIOLATIONS OF THE TEXAS INSURANCE CODE AND TEXAS
DECEPTIVE TRADE PRACTICES ACT
(TRAVELERS)**

48. The conduct of Travelers violates the Texas Insurance Code Annotated §§541.051, 541.060 and 541.061 and the Texas Deceptive Trade Practices Act ("DPTA") §17.46(b), including but not limited to the following:

- Misrepresenting the terms of and the benefits or advantages promised by the Bond covering Citizens loss as a result of the acts of fraud and forgery by the fraud Defendants.
- Disregarding the fact that Snowberry sent the original note to the Bank, after the Bank wired funds to Snowberry, in every instance (approximately 150 closings) where Snowberry closed a loan including the loans subject to this claim and as a result misrepresenting the nature of the relationship between Citizens and the fraud defendants;

- Disregarding the fact that Montage and Snowberry provided wiring instructions to Citizens for the closing of the loans and as a result misrepresented and wrongfully ignored the nature of the relationship between Citizens and the fraud defendants.
- Disregarding the fact that Snowberry as the title company held the note and mortgages for the benefit of Montage and Citizens and as a result misrepresented the nature of the relationship between Citizens and the Fraud Defendants.
- Failing to attempt in good faith to effectuate a prompt, fair and equitable settlement of Citizens claim as made in their Proof of Loss.
- Refusing to pay the claim set out in the proof of loss without conducting a reasonable investigation and ignoring and disregarding documents and information that do not support Travelers denial of coverage
- Causing confusion or misunderstanding about the relationship that existed between Citizens and the Fraud Defendants. Specifically, the implied agency relationship between Citizens and Snowberry who acted as the title company and closing agent for the transactions which resulted in the loss to Citizens.

Each of these acts, omissions and conduct, singularly or in combination, was a producing cause of Citizens injuries and/or damages. Such conduct was committed knowingly or intentionally, entitling Citizens to additional damages.

49. Texas law provides that it is an unfair method of competition or an unfair or deceptive act or practice to engage in unfair settlement practices including, without limitation, failing to attempt in good faith to effectuate a prompt, fair and equitable settlement of a claim with respect to which the insurer's liability has become reasonably clear or failing within a reasonable time to deny coverage. The proof of loss previously provided to Travelers, together with the additional information provided to Travelers, and the information obtained through the sworn depositions of Trey Allision and Rebecca Wright satisfy the notice requirements of Tex. Bus. & Com. Code § 17.50 and Tex. Ins. Code § 541.154.

DAMAGES AND ATTORNEY'S FEES

50. As a result of the acts, omissions and conduct of the Defendants as alleged herein, Citizens has suffered damages in excess of the minimal jurisdictional limits of this Court and seeks recovery of same. Citizens also seeks recovery all other damages to which it is entitled, including

additional, extra, double and/or treble damages and any and all other damages as allowed and defined by statute or common law for the knowing and intentional conduct of Defendants.

51. As a result of Defendant's conduct, Citizens was forced to employ the services of counsel to protect and prosecute its interests and claims in this matter. Citizens is therefore entitled to and seeks recovery of its attorneys' fees and costs for the prosecution of this case through trial, post-trial proceedings, all appellate proceedings, and any other proceedings related to this cause. Citizens seeks its attorneys' fees on all legal and statutory grounds as permitted by law.

In addition, Citizens hereby makes demand of Defendants to pay all costs of court related to the prosecution of this matter.

EXEMPLARY DAMAGES

52. The Defendants committed the tortious actions described herein with malice, gross negligence, and fraud, as those terms are defined by Chapter 41 of Texas Civil Practice and Remedies Code. Therefore, Citizens is entitled to, and requests, an award of exemplary damages in an amount of the trier of fact finds sufficient. *See* TEX. CIV. PRAC & REM. CODE § 41.001, *et seq.*; TEX. BUS. & COMM. CODE § 27.01, *et seq.*

JURY DEMAND

53. Citizens hereby respectfully requests a trial by jury.

DISCOVERY –REQUEST FOR DISCLOSURE

Pursuant to Tex. R. Civ. P. 194.2, Plaintiff requests Defendants to disclose the information or material described in Rule 194.2, inclusive of all subparts (a-1).

PRAYER

WHEREFORE, PREMISES CONSIDERED, Citizens request that the Fraud Defendants be cited to appear and that Travelers be served with process and a copy of this suit and

answer herein, and that upon final trial of this matter, Citizens have judgement against the Defendants, jointly and severally for: actual damages, special or consequential damages, statutory damages, exemplary damages, a constructive trust, disgorgement of all undue profits obtained by the Defendants, pre-judgement interest, post-judgment interest, reasonable and necessary attorneys' fees for pre-trial, trial, all appeals, and petitions for review, costs of suit, and all other appropriate relief to which Citizens may be entitled in law or equity.

Respectfully submitted,

**BEARD, KULTGEN, BROPHY,
BOSTWICK & DICKSON**
901 Main Street, Suite 6300
Dallas, Texas 75202
(214) 761-6460
(214) 761-6469 – Fax

By: /s/ Elizabeth M. Fraley
ELIZABETH M. FRALEY
State Bar No. 13180500
efraley@fraley-law.com
RICK BROPHY
State Bar No. 03082700
brophy@thetexasfirm.com

BELL NUNNALLY & MARTIN LLP
3232 McKinney Avenue, Suite 1400
Dallas, Texas 75204-2429
Telephone (214) 740-1400
Telecopy (214) 740-1499

By: /s/ Christopher B. Trowbridge
Christopher B. Trowbridge
Texas Bar No. 24008182
ctrowbridge@bellnunnally.com
Kristopher D. Hill
Texas Bar No. 24066674
khill@bellnunnally.com

**ATTORNEYS FOR PLAINTIFF CITIZENS
STATE BANK**

[Print this page](#)**Case # 2017-4071-5****Case Information**

Location McLennan County - District Clerk
 Date Filed 7/16/2018 4:10 PM
 Case Number 2017-4071-5

Case Description

Assigned to Judge

Attorney Brent Turman

Firm Name Bell Nunnally & Martin LLP

Filed By Debbie Archer

Filer Type Not Applicable

Fees

Convenience Fee \$0.06

Total Court Case Fees \$0.00

Total Court Party Fees \$0.00

Total Court Filing Fees \$0.00

Total Court Service Fees \$2.00

Total Filing & Service Fees \$0.00

Total Provider Service Fees \$0.00

Total Provider Tax Fees \$0.00

Total Taxes (for non-court fees) \$0.00

Grand Total \$2.06

Payment

Account Name BN Account

Transaction Amount \$2.06

Transaction Response Approved

Transaction ID 39676351

Order # 026016072-0

No Fee Documents

Filing Type EFileAndServe

Filing Code

Filing Description

Reference Number

Comments

Courtesy Copies darcher@bellnunnally.com

FILED

2018 JUL 17 AM 8:34

 JOHN R. GAMBLE
 DISTRICT CLERK
 MCLENNAN CO., TX
 RE: 2017-4071-5

Envelope Details

Page 2 of 5

Status	Accepted
Accepted Date	7/17/2018 8:10 AM
Fees	
Court Fee	\$0.00
Service Fee	\$0.00
Documents	
<i>Lead Document</i>	Certificate of Service - Michael Scott Leslie.pdf
	<u>[Original]</u> <u>[Transmitted]</u>

eService Details

Name/Email	Firm	Service Method	Status	Served	Date/Time Opened
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Christopher Trowbridge ctrowbridge@bellnunnally.com		EServe	Sent	Yes	Not Opened
Debbie Archer darcher@bellnunnally.com	Bell Nunnally Martin	EServe	Sent	Yes	7/16/2018 4:11 PM
Brent A Turman bturman@bellnunnally.com		EServe	Sent	Yes	7/16/2018 5:04 PM
Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened
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Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened

No Fee Documents

Filing Type	EFileAndServe	
Filing Code	No Fee Documents	
Filing Description	Certificate of Service - Mortgage Capital Management, LLC	
Reference Number	7139.18	
Comments		
Courtesy Copies	darcher@bellnunnally.com	
Status	Accepted	
Accepted Date	7/17/2018 8:10 AM	
Fees		
Court Fee	\$0.00	
Service Fee	\$0.00	
Documents		
<i>Lead Document</i>	Certificate of Service - Mortgage Capital Management LLC.pdf	<u>[Original]</u> <u>[Transmitted]</u>

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Page 4 of 5

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Debbie Archer darcher@bellnunnally.com	Bell Nunnally Martin	EServe	Sent	Yes	Not Opened
Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened

No Fee Documents

Filing Type	EFileAndServe	
Filing Code	No Fee Documents	
Filing Description	Certificate of Service - Snowberry Settlements LLC	
Reference Number	7139.18	
Comments		
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Status	Accepted	
Accepted Date	7/17/2018 8:10 AM	
Fees		
Court Fee	\$0.00	
Service Fee	\$0.00	
Documents		
<i>Lead Document</i>	Certificate of Service - Snowberry Settlements LLC.pdf	<u>Original</u> <u>Transmitted</u>

eService Details

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Christopher Trowbridge ctrowbridge@bellnunnally.com		EServe	Sent	Yes	Not Opened
		EServe	Sent	Yes	

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Page 5 of 5

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Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened

[Print this page](#)**Case # 2017-4071-5****Case Information**

Location McLennan County - District Clerk

Date Filed 7/17/2018 4:33 PM

Case Number 2017-4071-5

Case Description

Assigned to Judge

Attorney Elizabeth Fraley

Firm Name Fraley & Fraley

Filed By Angela Clark

Filer Type Not Applicable

Fees

Convenience Fee \$0.15

Total Court Case Fees \$0.00

Total Court Party Fees \$0.00

Total Court Filing Fees \$0.00

Total Court Service Fees \$2.00

Total Filing & Service Fees \$0.00

Total Provider Service Fees \$2.99

Total Provider Tax Fees \$0.25

Total Taxes (for non-court fees) \$0.00

Grand Total \$5.39

Payment

Account Name FST-0696996201

Transaction Amount \$5.39

Transaction Response Approved

Transaction ID 39720524

Order # 026056059-0

Amended Filing

Filing Type EFileAndServe

Filing Code Amended Filing

Filing Description P's 2nd AM Original Petition

Reference Number a4426369-dd80-44c2-bf65-d68932d5754d

Comments

Status Accepted

FILED

2018 JUL 18 AM 7:50

JOHN GIBBLE
DISTRICT CLERK
MCLENNAN CO. TX.
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Envelope Details

Page 2 of 2

Accepted Date 7/17/2018 4:49 PM
Fees
 Court Fee \$0.00
 Service Fee \$0.00
Documents
Lead Document P's 2nd AM Original Petition .pdf [\[Original\]](#) [\[Transmitted\]](#)

eService Details

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Kristopher D Hill khill@bellnunnally.com		EServe	Sent	Yes	7/17/2018 4:35 PM
Brent A Turman bturman@bellnunnally.com		EServe	Sent	Yes	7/17/2018 4:34 PM
Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened
Angela Clark aclark@fraley-law.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Elizabeth M. Fraley efraley@fraley-law.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Laura Kugler lkugler@fraley-law.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened

FILED
MCLENNAN COUNTY
7/30/2018 11:51 AM
JON R. GIMBLE
DISTRICT CLERK

CAUSE NO. 2017-4071-5

Christie Cobb

CITIZENS STATE BANK,

IN THE DISTRICT COURT OF

Plaintiff,

v.

MICHAEL SCOTT LESLIE,
MONTAGE MORTGAGE, LLC,
SNOWBERRY SETTLEMENTS, LLC,
MORTGAGE CAPITAL
MANAGEMENT, LLC, TRAVELERS
BOND AND SPECIALTY INSURANCE,
TRAVELERS CASUALTY AND
SURETY COMPANY OF AMERICA,
and THE TRAVELERS INDEMNITY
COMPANY

MCLENNAN COUNTY, TEXAS

414th JUDICIAL DISTRICT

Defendants.

PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION

Plaintiff Citizens State Bank ("Citizens") complains of Defendants Michael Scott Leslie ("Leslie"), Montage Mortgage, LLC ("Montage"), Snowberry Settlements, LLC ("Snowberry"), Mortgage Capital Management, LLC ("MCM"), Travelers Bond and Specialty Insurance, Travelers Casualty and Surety Company of America, and The Travelers Indemnity Company (collectively "Defendants").

PRELIMINARY STATEMENT

1. This case is based on a scam orchestrated by Leslie and his tangled web of affiliates—Montage, Snowberry, and MCM—to steal at least \$3,872,745 from Citizens. While the depth of Leslie's fraudulent scam runs deep, he has specifically confessed to inducing Citizens into wiring funds to purchase phantom interests in 12 fictitious mortgage loans.

DISCOVERY CONTROL PLAN

2. Discovery shall be conducted under Level 2. *See Tex. R. Civ. P. 190.3.*

PARTIES

3. Plaintiff Citizens is a Texas state bank.

4. Defendant Leslie is a nonresident natural person who resides at 6308 Snowberry Lane, Niwot, Colorado 80503. Leslie has done business in Texas by forming and operating businesses in Texas, entering contracts to perform obligations in Texas, and committing torts in Texas. This lawsuit arises from Leslie's business in Texas and torts committed in Texas. Although Leslie has engaged in business in the State of Texas, he does not maintain a home address or regular place of business in Texas. Leslie also does not maintain a designated agent for service of process in Texas. Defendant has been served with citation through the Texas Secretary of State which has mailed a copy of the first amended petition and citation to Leslie's home address at 6308 Snowberry Lane, Niwot, Colorado 80503.

5. Defendant Montage is a Texas limited liability company authorized to conduct business in Texas. Montage may be served with process through its registered agent, American Mortgage Licensing, LLC ("AML"), at 805 Country Club Dr., Heath, Texas 75032. AML's registered agent, Michael Crouse, has been served with process on behalf of AML and Montage at 805 Country Club Dr., Heath, Texas 75032.

6. Defendant Snowberry Settlements, LLC is a foreign, nonresident Colorado limited liability company organized and formed by Leslie and doing business in Texas by contracting to perform an obligation in Texas and committing torts in Texas. This lawsuit arises from Snowberry's business in Texas and torts committed in Texas. Although Snowberry has engaged in business in the State of Texas, Snowberry does not maintain a regular place of business in Texas. Snowberry also does not maintain a designated agent for service of process in Texas. Therefore, Snowberry has been served with citation through the Secretary of State for the State of Texas, The

Texas Secretary of State has mailed a copy of the citation and the first amended petition to Snowberry at Snowberry Settlements, LLC's home office located at 357 McCaslin Blvd., Suite 200, Louisville, CO 80027.

7. Defendant Mortgage Capital Management, LLC is a foreign, nonresident Colorado limited liability company organized and formed by Leslie and doing business in Texas by contracting to perform an obligation in Texas and committing torts in Texas. This lawsuit arises from MCM's business in Texas and torts committed in Texas. Even though MCM has engaged in business in the State of Texas, MCM does not maintain a regular place of business in Texas. MCM also does not maintain a designated agent for service of process in Texas. Therefore, MCM has been served with citation through the Secretary of State for the State of Texas. The Texas Secretary of State has mailed a copy of the citation and the first amended petition to MCM at its home office, located at 2121 Eisenhower Avenue, Suite 200, Alexandria, Virginia 22314.

The defendants identified above are referred to collectively as the "Fraud Defendants".

8. Defendant Travelers Bond and Specialty Insurance is an assumed name of Travelers Indemnity Company and or Travelers Casualty and Surety Company of America which are Insurance Companies licensed to do business in the State of Texas, and may be served with process by serving their attorney for service listed with the Texas Department of Insurance: Corporation Service Company, 211 East 7th Street, Suite 620, Austin, Texas 78701-3218.

9. Defendant Travelers Casualty and Surety Company of America is an Insurance Company licensed to do business in the State of Texas and maintains its principal place of business at One Tower Square, Hartford, Connecticut, 06183 and may be served with process by serving

its attorney for service listed with the Texas Department of Insurance: Corporation Service Company, 211 East 7th Street, Suite 620, Austin, Texas 78701-3218.

10. Defendant Travelers Indemnity Company is an Insurance Company licensed to do business in the State of Texas and maintains its principal place of business at One Tower Square, Hartford, Connecticut 06183 and may be served with process by serving its attorney for service listed with the Texas Department of Insurance: Corporation Service Company, 211 East 7th Street, Suite 620, Austin, Texas 78701-3218.

The defendants identified above are referred to collectively as the "Travelers Defendants" or "Travelers".

JURISDICTION

11. Citizens seeks monetary relief over \$1,000,000; and the damages sought by Citizens are within the jurisdictional limits of the court. *See Tex. R. Civ. P. 47(b), (c)(5).*

VENUE

12. Venue is proper in McLennan County, Texas because a substantial part of the events or omissions giving rise to the claims asserted occurred in McLennan County, Texas.

FACTUAL BACKGROUND

A. Citizens State Bank

13. Citizens is a state bank that has provided community-banking services to customers throughout central and southeast Texas for over 98 years. Citizens' core back-office departments, including its finance, accounting, human resources, marketing, and warehouse lending departments, are based in McLennan County, Waco, Texas. Citizens operates a warehouse mortgage lending program, internally referred to as its "Temporary Mortgage Participation Program" or "TMPP." In a typical TMPP transaction, Citizens provides a funding facility to a

licensed mortgage originator (the “Client”) in exchange for a loan-participation interest in a residential mortgage loan and related security instrument submitted by the Client. The funding facility allows the Client to fund mortgage loans to borrowers and then sell the loans—generally, 30-45 days later--on the secondary market to a mortgage investor. Once the Client sells the loan to an investor on the secondary market, Citizens is repaid the principal amount it paid for its participation interest, plus interest and fees for the temporary time the loan was held by the Client.

B. Leslie’s Tangled Web of Affiliates

14. Leslie formed Montage in Texas. Leslie represented to Citizens that Montage is licensed to originate mortgage loans in Texas and other states.

15. Leslie formed Snowberry in 2015. Leslie represented to Citizens that Snowberry is a title company engaged in the business of maintaining escrow accounts for money provided to fund mortgage loans. Snowberry’s listed registered agent address is the same as the address of Leslie’s personal residence.

16. Leslie formed MCM in 2015. Leslie represented to Citizens that MCM is an investor in mortgage loans.

C. Leslie lures Citizens into a warehouse lending relationship

17. In 2014, Montage acquired Ameritrust Mortgage, Inc., which had been a TMPP client of Citizens since 2010. Soon after the acquisition, Leslie sought to assume Ameritrust’s role in the TMPP by painting the picture of being an experienced mortgage banker expanding his business with a well-thought-out strategic plan.

18. Citizens and Montage subsequently entered a Loan Participation Agreement, Participation Administrating Agreement, and Amended and Restated Loan Participation Agreement (collectively, the “Agreements”), which enabled Montage to offer Citizens

opportunities to purchase 99% participation interests in residential mortgage loans and security instruments originated by Montage. In exchange for Citizens purchasing a 99% participation interest in a Montage loan, the Agreements required Montage to, among other things: (a) deliver to Citizens the executed loan and security instruments and required underwriting documentations executed by the borrower; and (b) immediately upon receipt of any payment from an investor, repay the principal loan amount funded by Citizens plus Citizens' respective share of the interest accrued on the loan and fees during the temporary time it was held by Montage.

19. Montage provided numerous express warranties to Citizens under the Agreements, including:

- Montage (i) is the sole and lawful owner of each Mortgage Loan, has good and marketable title thereto, free and clear of all security interests and liens, pledges, charges, encumbrances, or any interests of any other party; and (ii) has the full right and authority to assign and transfer each Mortgage Loan and the Participation Interest therein to [Citizens]
- The Mortgage Loan has been in accordance with loan underwriting standards and guidelines of Citizens
- Each Mortgage Note has been executed by the Borrower, each Borrower is fully competent to execute the Mortgage Note and the Mortgage Note is genuine and is legal and enforceable against Borrower in accordance with its terms.
- The Mortgage Loan was made pursuant to and in compliance with all applicable federal and state laws, rules, and regulations
- All copies of any Collateral Documents or Loan Papers furnished to Citizens are accurate and complete copies of the originals of such documents or papers.
- Montage has no knowledge at the time of the sale of each Participation Interest of any conditions which would impair the Mortgage Loan. No condition exists with respect to such Mortgage Loan which could give rise to any right of rescission, set-off, counterclaim, or defense with regard to the Mortgage Loan

- With respect to any Mortgage Loan which provides for escrows, all escrows have been properly collected and disbursed and a proper escrow account analysis has been prepared and timely delivered to the Borrower.
- There are no irregularities, deficiencies, defects, or falsifications concerning the Mortgage Loan
- Montage has full power and authority to originate, market, sell and service each Subject Mortgage Loan and to enter into and consummate all transactions contemplated by this Agreement and to enter into and consummate all transactions contemplated by this Agreement

20. The Agreement contains security mechanisms to secure Citizens' purchases of participation interests, including the obligation that "[u]pon the default of any provision of the Agreement or the breach of any representation or warranty made by [Montage] . . . , [Montage] shall be obligated to, and shall, immediately repurchase from Citizens the Participation Interest in the Mortgage Loan for the Repurchase Price."

21. Throughout Citizens' relationship with Ameritrust and Montage, Citizens purchased participation interests in over 1,400 loans totaling over \$287 million. In late 2015, Leslie began orchestrating mortgage transactions that involved Snowberry, as a purported settlement agent authorized to escrow funds and close loans, and MCM, as a purported mortgage investor. Uninformed of Leslie's tangled affiliation with Montage, Snowberry, and MCM, from October 2015 through October 2017, Citizens purchased 144 participation interests totaling \$31,908,808.88 in loans involving Leslie and his affiliates. Leslie never disclosed his or Montage's affiliation with Snowberry or MCM.

22. Citizens purchased an insurance policy from one or more of the Travelers Defendants by and through Travelers' agent in McLennan County, Texas, Wes Bailey of Bailey Risk Management and Insurance, Inc. Coverage for fraud and forgery in connection with its mortgage and securities business were included in the policy. This policy was to cover incidents

like the one which forms the basis of this suit. Citizens notified the Travelers Defendants of the fraud which forms the basis of this suit and filed a timely proof of claim for the losses sustained as a result of the conduct of the fraud defendants. Travelers denied the claim five months after the proof of loss was filed.

D. Defendants' Scam Unravels

23. In each of the transactions Leslie orchestrated to involve Montage, Snowberry, and MCM, Montage submitted a mortgage-loan package to Citizens that included underwriting materials, together with an executed note and mortgage. In many cases, the purported borrower was a previous borrower of Montage who appeared to be seeking to refinance an original mortgage. As a result, Montage had significant information about the purported borrowers from previous loan packages. Defendants even provided Mortgage Identification Numbers assigned by the Mortgage Electronic Registration Systems and other identifying information to add underwriting credence to the transactions. Citizens paid for all of its participation interests in these loans by wiring money pursuant to Leslie's directions. Before CSB wired any money in these transactions, Leslie represented that MCM could serve as the ultimate secondary-market investor to purchase/settle the loans and send the sales proceeds to Citizens.

24. On October 17, 2017, Citizens informed Leslie over the phone that it needed to suspend its purchase of participation interests in Montage loans and desired to close out its existing pipeline of participation interests in 23 outstanding Montage loans. Realizing his scam was on the verge of ending, Leslie reached out later the same day and asked if he could travel from his home in Colorado to meet with Citizens' President the very next day. At the meeting the following day, Leslie confessed that only 11 of the 23 outstanding loans were legitimate and could be sold on the secondary market to pay off Citizens in the normal course of business. Leslie admitted that Citizens

had purchased phantom participation interests in the remaining 12 outstanding loans (the "Phantom Loans") that would not be repaid. The reason why: Leslie secretly pocketed the money.

25. In reference to the Phantom Loans, Leslie specifically confessed:

- "You know we'll be able to pay off [the Phantom Loans] in a longer time frame. So, what I'm gonna request from you is a 6-month to 12-month time frame to pay the rest of them off so — and I've got the — you know, I've got reasons for that, but I don't think we want to go into those I've got a big, giant, lawsuit against another company that's gonna settle ... out as soon as December. I'm gonna want up to 12 months if we can structure it that way. And [then] the bank will get their money."
- "There's been a giant number of mistakes that are gonna, you know — they're — if we can just structure a longer term pay out on the balance and give me a chance to get this lawsuit to the goal line, it's a real deal, it'll get you paid."
- "I have created massive problems by making mistakes that were not, you know, were not personally motivated or driven but it is what it is at this point. I mean I got — you know, so I got a problem and the way to fix the problem is to let the lawsuit manifest, you know, a settlement and then we get this knocked out."
- "Can I have 12 loans — or some way to structure something that gets us time to let that lawsuit pay. That's all we got. That's all I got I put myself in a bad position by making, you know, an original mistake that led to a thousand others"
- "I'm just here in front of you because, you know, I want you to see me as a regretful, remorseful person that's gonna — I'm gonna fix this if you give me a chance, or if the board gives me the chance, but I don't know how to handle it from here other than to come talk to you and I didn't — I hadn't sought legal advice. I haven't -- you know what I mean? I don't know where it goes from here. I just know that you've got some loans that need to get paid and then -- then we need to, if it's possible work out a time frame on these others and that what's I'm here to ask."

26. In response to these bombshells, Citizens asked Leslie: "Why won't [the Phantom Loans] pay off in the normal course of business." Leslie's incriminating response was:

They — they just — they won't. You know, they just won't and I don't know, you know, what language to use there. I don't want to dance around it. I don't know what I should say to you that would put you in a position where you have to go,

you know, I'm trying to — I'm trying to play kind of a semantics game here that I'm not comfortable playing 'cause I've never been in this position before but you just don't want to dig deeper on these loans. You just don't. And you know there's a problem there. ... I think the less that the bank knows maybe the better. Because if the bank knows something the bank might have to disclose something ... and I don't want to put you in the position where you have to disclose or lie or whatever and maybe omission is as much the same thing but I don't know, I've never been in this position before. ... It's not good and it's not a good situation. I'm, you know, I'm prepared. You know I've already kind of met my maker on what I've done to try to solve all these problems and I've just created more problems.

Leslie confirmed the status of the Phantom Loans in the following exchange:

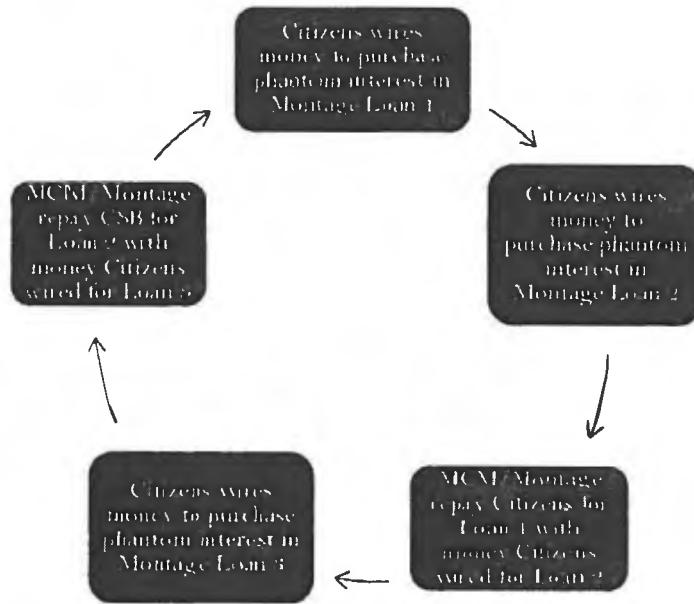
Citizens: "What I'm hearing [is] the only way to get the bank paid is based off of a lawsuit?"

Leslie: "Correct."

Citizens: "All right. So that's telling me then these loans are not going to pay. Are they real loans?"

Leslie: "I don't know what I should say or what I shouldn't say there. The loans are not gonna pay. ... I have no ability to make restitution of any sort right now. I mean, so if we — if this thing goes where a full everybody ripping everything apart and, you know, regulators come and, you know, authorities come and, you know, it — whatever happens to me but I just — there's nothing."

27. As a result of Leslie's confessions, Citizens conducted an investigation into its transaction history with Leslie and Montage. The investigation revealed that the litany of Leslie's "mistakes" likely amount to a large-scale scam that would have carried on indefinitely had Citizens not suspended its TMPP relationship with Montage. The scam appears to have relied on a continuous cycle of theft and fraud depicted in the following diagram:



When the music finally stopped on Leslie's musical-chairs game of fraud, Citizens was left holding \$3,872,745 worth of non-existent interests in the 12 Phantom Loans with no underlying property to serve as security. Defendants have failed and refused to repay Citizens for the funds it wired for the Phantom Loans. All conditions precedent to enforcement of Citizens' claims have occurred or been waived or excused.

28. Travelers was presented with and denied the Claim.
29. On December 18, 2017, Citizens filed a Proof of Loss with Travelers. The claim related to the fraudulent loans detailed above resulting in a loss of \$3,872,745.00 by Citizens. Citizens had purchased a Bond (No. 071-LB-105912142) from Travelers with the effective dates of April 1, 2017 to April 1, 2018 to cover losses incurred as a result of fraud and forgery. The policy was purchased and designed to cover precisely the type of loss sustained by Citizens as a result of the actions of the fraud defendants. Citizens discovered the fraud which forms the basis of this suit in October 2017. Citizens filed a proof of loss within the terms of the policy. Travelers denied coverage for this loss on May 18, 2018 on the purported basis that neither Citizens nor an

authorized representative of Citizens had actual physical possession of the original note or mortgage/deed of trust at the time Citizens funded/purchased the participation. Travelers further justified their denial of coverage on the basis that Snowberry was not Citizens' authorized representative for purposes of these transactions. Travelers specifically determined that Snowberry was not an agent of Citizens despite the fact that there was an ongoing relationship resulting in the successful closing of over 125 loans where Snowberry acted as Citizens authorized representative, either as a title company and /or closing agent for these transactions. On May 25, 2018, Travelers formally denied coverage for this claim. The correspondence denying coverage states:

Based upon the information submitted, the loss does not fall within the coverage provided by the Securities Insuring Agreement because neither Citizens nor an authorized representative of Citizens had actual physical possession of the original note or mortgage/deed of trust at the time Citizens funded/purchased the participation in the associated loan.

Travelers attempted to justify their denial as follows:

Citing to Insuring Agreement E Citizens must have actual physical possession of the Original note or mortgage/deed of trust at the time it funded or purchased the participation. This could be satisfied if either Citizens *or its authorized representative* had possession of the original documents at the time Citizens wired the funds. (Emphasis added).

30. It is clear that there in fact was an express and/or implied agency relationship between Snowberry and Citizens. The fact that wiring instructions were provided, and funds were wired to Snowberry is evidence that an express or implied agreement existed wherein Snowberry was to fund a mortgage loan and deliver an original promissory note from the borrower within a short time following closing. This express or implied agreement between Citizens and Snowberry was played out 144 times, including with respect to the twelve loans subject to this claim. In each case, money was wired to Snowberry and the original note was sent to the Bank. It is abundantly clear that an agreement existed, whether express or implied, as evidenced by the fact that upon receipt

of funds from the Citizens by Snowberry, an original note and other closing documents were sent to Citizens. Citizens and Snowberry acted on this agreement many times over the course of their relationship.

31. Further, Citizens extended credit in exchange for a participation certificate evidencing Citizen's interest in the mortgage loan, the original of which was in the possession of Montage. Montage was expressly obligated under the terms of its Amended and Restated Loan Participation Agreement (section 10) to forward the original note and other loan documents to Citizens within five days after the closing of the loan. This is precisely the type of arrangement contemplated by the Travelers policy when it allows the requirement of actual physical possession of original items (including the note) to be satisfied by possession of an authorized party. Montage, as the representative of Citizens, had an express obligation to forward the original note to Citizens and did so many times.

32. All conditions precedent to enforcement of Citizens' claims have occurred or been waived or excused.

COUNT 1: FRAUD/ STATUTORY FRAUD

33. The Fraud Defendants made false representations to Citizens regarding the Phantom Loans. Specifically, Leslie and Montage falsely represented, among other things, that they:

- originated, delivered, marketed, and sold lawful, valid interests in secured mortgage loans on legitimate residential properties to Citizens;
- secured title on the underlying residential properties;
- set up a valid escrow arrangement to hold and direct Citizens' money for its intended purpose; and
- MCM was a valid investor and purchaser of mortgage loans.

34. The Fraud Defendants knew these representations were false when they were made. The Fraud Defendants made the representations with the intent that Citizens rely on them. Citizens justifiably relied on the representations by wiring money to purchase participation interests in what it believed to be valid, secured loans.

35. The transactions at issue involved real estate within the scope of Texas Business and Commerce Code § 27.01.

36. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of the Fraud Defendants' actions.

COUNT 2: CIVIL THEFT

37. The actions of the Fraud Defendants constitute civil theft because the Fraud Defendants knowingly and without effective consent appropriated money belonging to Citizens for the purpose of using that property for their own benefit.

38. The Fraud Defendants deceptively induced Citizens to wire money to purchase fictitious interests in the Phantom Loans. The Fraud Defendants misappropriated at least \$3,872,745 in funds that belong to Citizens.

39. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of the Fraud Defendants' actions.

COUNT 3: FRAUDULENT INDUCEMENT

40. The Fraud Defendants made false representations to Citizens to induce Citizens to purchase phantom interests in fictitious mortgage loans, including that:

- Montage originated, delivered, marketed, and sold lawful, valid interests in secured mortgage loans on legitimate residential properties to Citizens;
- title was secured on the properties securing the loans;

- a valid escrow arrangement was established to hold and direct Citizens' money for its intended purpose; and
- MCM was a valid investor and purchaser of mortgage loans.

41. The representations were material. The Fraud Defendants knew the representations were false when they were made and made the representations with the intent that Citizens rely on them. Citizens justifiably relied on the representations before funding the Phantom Loans. Citizens has been injured in the amount of at least \$3,872,745 as a proximate result of the Fraud Defendants' actions.

COUNT 4: MONEY HAD AND RECEIVED

42. The Fraud Defendants hold money that, in equity and good conscience, belongs to Citizens. Specifically, the Fraud Defendants defrauded Citizens into wiring money to purchase fictitious interests in the Phantom Loans and stole the money. Citizens is entitled to recover this money from the Fraud Defendants.

COUNT 5: NEGLIGENCE

43. The Fraud Defendants owed a duty of care to Citizens. The Fraud Defendants' failed to exercise ordinary care and acted negligently by engaging in the conduct addressed in Counts 1, 2, 3, 4, 6, and 7. Citizens has been injured as a proximate result of the Fraud Defendants' negligence in an amount to be more fully demonstrated at trial.

COUNT 6: CONSPIRACY

44. The Fraud Defendants acted pursuant to a common scheme designed to steal money from Citizens. The Fraud Defendants committed overt acts in furtherance of the common scheme by, among other things, (a) making false representations to Citizens about the validity and marketability of the Phantom Loans and the use of Citizens' money and (b) delivering false loan documents and security instruments to Citizens. The Fraud Defendants are jointly and severally

liable for their tortious conduct. Citizens has been injured as a proximate result of the conspiracy in an amount to be more fully demonstrated at trial.

COUNT 7: AIDING AND ABETTING

45. The Fraud Defendants acted with knowledge of each other's tortious conduct, as described above, and provided substantial assistance and encouragement to each other to effectuate their respective tortious acts. The Fraud Defendants were aware of their role as part of these tortious activities at the time of providing the assistance. The Fraud Defendants are therefore liable for aiding and abetting the tortious acts alleged herein. Citizens has been injured as a proximate result of the Fraud Defendants actions in an amount to be more fully demonstrated at trial.

COUNT 8: UNJUST ENRICHMENT / CONSTRUCTIVE TRUST

46. The Fraud Defendants committed fraud against Citizens. The Fraud Defendants wrongfully stole money from Citizens by creating, delivering, and selling Citizens fake interests in the Phantom Loans. Accordingly, Citizens seeks the remedy of unjust enrichment because the Fraud Defendants have been unjustly enriched as a result of their actions. Citizens also seeks the remedy of a constructive trust related to these funds.

**COUNT 9: BREACH OF CONTRACT
(FRAUD DEFENDANTS)**

47. Citizens and Montage entered binding, enforceable contracts with Montage. Citizens fully performed its obligations under the Agreements. Montage breached the Agreements by, among other things, failing to perform the obligations set forth above in Paragraphs 17 and 18. Citizens has been injured as a proximate result of Montage's breach of contract in an amount to be more fully demonstrated at trial.

**COUNT 10: BREACH OF CONTRACT
(TRAVELERS DEFENDANTS)**

48. The conduct of Travelers constitutes a breach of contract in that Travelers has failed

to pay Citizens' covered claim under the terms of the bond. As a consequence, Citizens has suffered damages. Citizens is entitled to pursue all remedies and damages available to it for Travelers' wrongful conduct.

**COUNT 11: VIOLATIONS OF TEXAS INSURANCE CODE ANNOTATED SECTION 542. 060, *ET SEQ.*
(TRAVELERS DEFENDANTS)**

49. The conduct of Travelers violates the Texas Prompt Pay Statute, Texas Insurance Code section 542.060, *et seq.* entitling Citizens to the amount of the claim, interest on the amount of the claim at the rate of eighteen percent (18%) a year as damages, together with reasonable attorney's fees.

**COUNT 12: VIOLATIONS OF THE TEXAS INSURANCE CODE AND TEXAS DECEPTIVE TRADE PRACTICES ACT
(TRAVELERS DEFENDANTS)**

50. The conduct of Travelers violates the Texas Insurance Code Annotated §§541. 051, 541.060 and 541.061 and the Texas Deceptive Trade Practices Act ("DPTA") §17.46(b), including but not limited to the following:

- Misrepresenting the terms of and the benefits or advantages promised by the Bond covering Citizens loss as a result of the acts of fraud and forgery by the fraud Defendants.
- Disregarding the fact that Snowberry sent the original note to the Bank, after the Bank wired funds to Snowberry, in every instance (approximately 150 closings) where Snowberry closed a loan including the loans subject to this claim and as a result misrepresenting the nature of the relationship between Citizens and the fraud defendants;
- Disregarding the fact that Montage and Snowberry provided wiring instructions to Citizens for the closing of the loans and as a result misrepresented and wrongfully ignored the nature of the relationship between Citizens and the fraud defendants.
- Disregarding the fact that Snowberry as the title company held the note and mortgages for the benefit of Montage and Citizens and as a result misrepresented the nature of the relationship between Citizens and the Fraud Defendants.
- Failing to attempt in good faith to effectuate a prompt, fair and equitable settlement of Citizens claim as made in their Proof of Loss.

- Refusing to pay the claim set out in the proof of loss without conducting a reasonable investigation and ignoring and disregarding documents and information that do not support Travelers denial of coverage
- Causing confusion or misunderstanding about the relationship that existed between Citizens and the Fraud Defendants. Specifically, the implied agency relationship between Citizens and Snowberry who acted as the title company and closing agent for the transactions which resulted in the loss to Citizens.

Each of these acts, omissions and conduct, singularly or in combination, was a producing cause of Citizens injuries and/or damages. Such conduct was committed knowingly or intentionally, entitling Citizens to additional damages.

51. Texas law provides that it is an unfair method of competition or an unfair or deceptive act or practice to engage in unfair settlement practices including, without limitation, failing to attempt in good faith to effectuate a prompt, fair and equitable settlement of a claim with respect to which the insurer's liability has become reasonably clear or failing within a reasonable time to deny coverage. The proof of loss previously provided to Travelers, together with the additional information provided to Travelers, and the information obtained through the sworn depositions of Trey Allision and Rebecca Wright satisfy the notice requirements of Tex. Bus. & Com. Code § 17.50 and Tex. Ins. Code §541.154.

DAMAGES AND ATTORNEY'S FEES

52. As a result of the acts, omissions and conduct of the Defendants as alleged herein, Citizens has suffered damages in excess of the minimal jurisdictional limits of this Court and seeks recovery of same. Citizens also seeks recovery all other damages to which it is entitled, including additional, extra, double and/or treble damages and any and all other damages as allowed and defined by statute or common law for the knowing and intentional conduct of Defendants.

53. As a result of Defendant's conduct, Citizens was forced to employ the services of

counsel to protect and prosecute its interests and claims in this matter. Citizens is therefore entitled to and seeks recovery of its attorneys' fees and costs for the prosecution of this case through trial, post-trial proceedings, all appellate proceedings, and any other proceedings related to this cause. Citizens seeks its attorneys' fees on all legal and statutory grounds as permitted by law.

In addition, Citizens hereby makes demand of Defendants to pay all costs of court related to the prosecution of this matter.

EXEMPLARY DAMAGES

54. The Defendants committed the tortious actions described herein with malice, gross negligence, and fraud, as those terms are defined by Chapter 41 of Texas Civil Practice and Remedies Code. Therefore, Citizens is entitled to, and requests, an award of exemplary damages in an amount of the trier of fact finds sufficient. *See TEX. CIV. PRAC & REM. CODE § 41.001, et seq.; TEX. BUS. & COMM. CODE § 27.01, et seq.*

JURY DEMAND

55. Citizens hereby respectfully requests a trial by jury.

DISCOVERY -REQUEST FOR DISCLOSURE

Pursuant to Tex. R. Civ. P. 194.2, Plaintiff requests Defendants to disclose the information or material described in Rule 194.2, inclusive of all subparts (a-l).

PRAYER

WHEREFORE, PREMISES CONSIDERED, Citizens request that the Fraud Defendants be cited to appear and that the Travelers Defendants be served with process and a copy of this suit and answer herein, and that upon final trial of this matter, Citizens have judgement against the Defendants, jointly and severally for: actual damages, special or consequential damages, statutory damages, exemplary damages, a constructive trust, disgorgement of all undue profits obtained by the Defendants, pre-judgement interest, post-judgment interest, reasonable and

necessary attorneys' fees for pre-trial, trial, all appeals, and petitions for review, costs of suit, and all other appropriate relief to which Citizens may be entitled in law or equity.

Respectfully submitted,

**BEARD, KULTGEN, BROPHY,
BOSTWICK & DICKSON**
901 Main Street, Suite 6300
Dallas, Texas 75202
(214) 761-6460
(214) 761-6469 – Fax

By: /s/ Elizabeth M. Fraley
ELIZABETH M. FRALEY
State Bar No. 13180500
efraley@fraley-law.com
RICK BROPHY
State Bar No. 03082700
brophy@thetexasfirm.com

BELL NUNNALLY & MARTIN LLP
3232 McKinney Avenue, Suite 1400
Dallas, Texas 75204-2429
Telephone (214) 740-1400
Telecopy (214) 740-1499

By: /s/ Christopher B. Trowbridge
Christopher B. Trowbridge
Texas Bar No. 24008182
ctrowbridge@bellnunnally.com
Kristopher D. Hill
Texas Bar No. 24066674
khill@bellnunnally.com

**ATTORNEYS FOR PLAINTIFF CITIZENS
STATE BANK**

[Print this page](#)**FILED**

2018 JUL 30 PM 4:21

JON R. GIBBLE
DISTRICT CLERK
MCLENNAN COUNTY, TEXAS

DEPUTY

*Rraig Edmundson***Case Information**

Location McLennan County - District Clerk
 Date Filed 7/30/2018 11:51 AM
 Case Number 2017-4071-5
 Case Description
 Assigned to Judge
 Attorney Elizabeth Fraley
 Firm Name Fraley & Fraley
 Filed By Angela Clark
 Filer Type Not Applicable

Fees

Convenience Fee \$0.15
 Total Court Case Fees \$0.00
 Total Court Party Fees \$0.00
 Total Court Filing Fees \$0.00
 Total Court Service Fees \$2.00
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 Total Provider Service Fees \$2.99
 Total Provider Tax Fees \$0.25
 Total Taxes (for non-court fees) \$0.00
 Grand Total \$5.39

Payment

Account Name FST-0696996201
 Transaction Amount \$5.39
 Transaction Response Approved
 Transaction ID 40130337
 Order # 026356219-0

Amended Filing

Filing Type EFileAndServe
 Filing Code Amended Filing
 Filing Description P's 3rd AM Original Petition
 Reference Number 6691d9c1-221c-43f9-8ab6-0dc0346e9c07
 Comments
 Status Accepted

Envelope Details

Page 2 of 2

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Service Fee	\$0.00		
Documents			
<i>Lead Document</i>	P's 3rd AM Petition.pdf	<u>[Original]</u>	<u>[Transmitted]</u>

eService Details

Name/Email	Firm	Service Method	Status	Served	Date/Time Opened
Angela Clark aclark@fraley-law.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Debbie Archer darcher@bellnunnally.com	Bell Nunnally Martin	EServe	Sent	Yes	Not Opened
Elizabeth M. Fraley efraley@fraley-law.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Christopher Trowbridge ctrowbridge@bellnunnally.com		EServe	Sent	Yes	7/30/2018 11:56 AM
Kristopher D Hill khill@bellnunnally.com		EServe	Sent	Yes	Not Opened
Brent A Turman bturman@bellnunnally.com		EServe	Sent	Yes	Not Opened
Laura Kugler lkugler@fraley-law.com	Fraley & Fraley	EServe	Sent	Yes	7/30/2018 11:54 AM
Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened
Rick Brophy brophy@thetexasfirm.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened

FILED
MCLENNAN COUNTY
8/13/2018 12:17 PM
JON R. GIMBLE
DISTRICT CLERK



Maxine Barton

JON R. GIMBLE
DISTRICT CLERK
MCLENNAN COUNTY COURTHOUSE
501 Washington Ave., Suite 300 Annex
WACO, TEXAS 76701
254-757-5057 OR 757-5054

REQUEST FOR ISSUANCE

CAUSE NUMBER: Cause No. 2017-4071-5 DATE: 08/13/18

PERSON TO BE SERVED: Travelers Bond and Specialty Insurance

ADDRESS TO SERVE: 211 East 7th Street, Suite 620, Austin, Texas 78701-3218

FEES PAID BY: CHECK CASH DEBIT OATH CREDIT CARD (INCLUDES PROCESSING FEE)

ISSUANCE:

CITATION

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NOTICE OF HEARING/CONTEMPT _____

TRO

PROTECTIVE ORDER

WRIT OF (SPECIFY)

OTHER (SPECIFY) _____

SERVICE:

DELIVER TO ATTORNEY

DELIVER TO CONSTABLE

DELIVER TO PRIVATE PROCESS SERVER (SPECIFY) Special Delivery

DELIVER TO SHERIFF

REQUESTED BY:

(PLEASE PRINT)

BY Elizabeth Fraley

FIRM Fraley & Fraley

CONTACT NO. (214) 761-6460

Envelope Details

Page 2 of 2

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Court Fee	\$28.00		
Service Fee	\$0.00		
Optional Services			
Issue Citation	\$8.00		
Copies - Non-Certified	\$20.00 (20 x \$1.00)		
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<i>Lead Document</i>	Citizens Bank - RFI TBSI.pdf	<u>[Original]</u>	<u>[Transmitted]</u>

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Rick Brophy brophy@thetexasfirm.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened

FILED
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JON R. GIMBLE
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Maxine Barton

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DISTRICT CLERK
MCLENNAN COUNTY COURTHOUSE
501 Washington Ave., Suite 300 Annex
WACO, TEXAS 76701
254-757-5057 OR 757-5054

REQUEST FOR ISSUANCECAUSE NUMBER: Cause No. 2017-4071-5 DATE: 08/13/18PERSON TO BE SERVED: Travelers Casualty and Surety Company of AmericaADDRESS TO SERVE: 211 East 7th Street, Suite 620, Austin, Texas 78701-3218FEES PAID BY: CHECK CASH DEBIT OATH CREDIT CARD (INCLUDES PROCESSING FEE) **ISSUANCE:**CITATION NOTICE OF HEARING/CONTEMPT TRO PROTECTIVE ORDER WRIT OF (SPECIFY) OTHER (SPECIFY) **SERVICE:**

DELIVER TO ATTORNEY

DELIVER TO CONSTABLE

DELIVER TO PRIVATE PROCESS SERVER (SPECIFY)

Special Delivery

DELIVER TO SHERIFF

REQUESTED BY:
(PLEASE PRINT)

BY Elizabeth FraleyFIRM Fraley & FraleyCONTACT NO. (214) 761-6460

[Print this page](#)**Case # 2017-4071-5****Case Information**

Location McLennan County - District Clerk
 Date Filed 8/13/2018 12:18 PM
 Case Number 2017-4071-5

Case Description**Assigned to Judge**

Attorney Elizabeth Fraley
 Firm Name Fraley & Fraley
 Filed By Brittany Brooks
 Filer Type Not Applicable

Fees

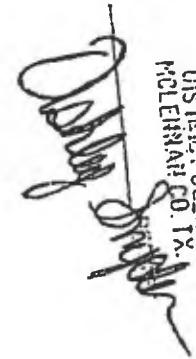
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 Total Filing & Service Fees \$0.00
 Total Provider Service Fees \$2.99
 Total Provider Tax Fees \$0.25
 Total Taxes (for non-court fees) \$0.00
 Grand Total \$34.20

Payment

Account Name FST-0696996201
 Transaction Amount \$34.20
 Transaction Response Approved
 Transaction ID 40625940
 Order # 026706886-0

Request

Filing Type EFileAndServe
 Filing Code Request
 Filing Description Request for Issuance of Citation
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 Status Accepted

2018 AUG 13 PM 1:53

 JUSTICE OF THE PEACE
 DISTRICT CLERK
 MCLENNAN CO. TX

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Envelope Details

Page 2 of 2

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Service Fee	\$0.00
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Documents	
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	<u>[Original]</u> <u>[Transmitted]</u>

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Elizabeth M. Fraley efraley@fraley-law.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Christopher Trowbridge ctrowbridge@bellnunnally.com		EServe	Sent	Yes	Not Opened
Kristopher D Hill khill@bellnunnally.com		EServe	Sent	Yes	Not Opened
Brent A Turman bturman@bellnunnally.com		EServe	Sent	Yes	Not Opened
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Rick Brophy brophy@thetexasfirm.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened

FILED
MCLENNAN COUNTY
8/13/2018 12:22 PM
JON R. GIMBLE
DISTRICT CLERK



Maxine Barton

JON R. GIMBLE
DISTRICT CLERK
McLENNAN COUNTY COURTHOUSE
501 Washington Ave., Suite 300 Annex
WACO, TEXAS 76701
254-757-5057 OR 757-5054

REQUEST FOR ISSUANCE

CAUSE NUMBER: Cause No. 2017-4071-5 DATE: 08/13/18

PERSON TO BE SERVED: The Travelers Indemnity Company

ADDRESS TO SERVE: 211 East 7th Street, Suite 620, Austin, Texas 78701-3218

FEES PAID BY: CHECK CASH DEBIT OATH CREDIT CARD (INCLUDES PROCESSING FEE)

ISSUANCE:

CITATION

NOTICE OF HEARING/CONTEMPT _____

TRO

PROTECTIVE ORDER

WRIT OF (SPECIFY)

OTHER (SPECIFY) _____

SERVICE:

DELIVER TO ATTORNEY

DELIVER TO CONSTABLE

DELIVER TO PRIVATE PROCESS SERVER (SPECIFY) Special Delivery

DELIVER TO SHERIFF

REQUESTED BY:
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BY Elizabeth Fraley

FIRM Fraley & Fraley

CONTACT NO. (214) 761-6460

[Print this page](#)**Case # 2017-4071-5****Case Information**

Location McLennan County - District Clerk
 Date Filed 8/13/2018 12:22 PM
 Case Number 2017-4071-5
 Case Description
 Assigned to Judge
 Attorney Elizabeth Fraley
 Firm Name Fraley & Fraley
 Filed By Brittany Brooks
 Filer Type Not Applicable

Fees

Convenience Fee \$0.96
 Total Court Case Fees \$0.00
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 Total Court Service Fees \$2.00
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 Total Provider Service Fees \$2.99
 Total Provider Tax Fees \$0.25
 Total Taxes (for non-court fees) \$0.00
 Grand Total \$34.20

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Account Name FST-0696996201
 Transaction Amount \$34.20
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 Order # 026707035-0

Request

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 Status Accepted

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2018 AUG 13 PM 1:53

 JOHN R. CHAPLE
 DISTRICT CLERK
 MCLENNAN CO. TX

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Page 2 of 2

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eService Details

Name/Email	Firm	Service Method	Status	Served	Date/Time Opened
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Kristopher D Hill khill@bellnunnally.com		EServe	Sent	Yes	Not Opened
Brent A Turnan bturman@bellnunnally.com		EServe	Sent	Yes	Not Opened
Laura Kugler lkugler@fraley-law.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Rick Brophy brophy@thetexasfirm.com	Fraley & Fraley	EServe	Sent	Yes	Not Opened
Tonya C. Stephenson tstephenson@bellnunnally.com	Bell Nunnally & Martin LLP	EServe	Sent	Yes	Not Opened

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

COPY

PAPER# 14
SPECIAL DELIVERY

TO: TRAVELERS BOND AND SPECIALTY INSURANCE, AN INSURANCE COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, CORPORATION SERVICE COMPANY, 211 EAST 7TH STREET, SUITE 620, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, and you are hereby served with a copy of Plaintiff's Discovery described below, to which you must file a written answer as required by law in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS STATE BANK

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON,
MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY,
SNOWBERRY SETTLEMENTS, LLC, A FOREIGN, NONRESIDENT
COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL
MANAGEMENT, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED
LIABILITY COMPANY, TRAVELERS BOND AND SPECIALTY INSURANCE,
AN INSURANCE COMPANY, TRAVELERS CASUALTY AND SURETY COMPANY
OF AMERICA, AN INSURANCE COMPANY, THE TRAVELERS INDEMNITY
COMPANY, AN INSURANCE COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION

Pleading File Date: JULY 30, 2018

Discovery Requests: REQUEST FOR DISCLOSURE

Cause No: 2017-4071-5

NOTICE

You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading and discovery, a default judgment may be taken against you.

The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: AUGUST 14, 2018.

ELIZABETH M. FRALEY
901 MAIN STREET
SUITE 6300
DALLAS, TEXAS 75202

Jan R. Ginnie, District Clerk
501 Washington Ave. | Suite 300 Annex
Waco, McLennan County, Texas 76701

By: *[Signature]* Deputy
ASHLEY SNYDER

CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorneys for Plaintiff

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS STATE BANK VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, TRAVELERS BOND AND SPECIALTY INSURANCE, AN INSURANCE COMPANY, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AN INSURANCE COMPANY, THE TRAVELERS INDEMNITY COMPANY, AN INSURANCE COMPANY**

Cause No.: **2017-4071-5**

Court: **414TH JUDICIAL DISTRICT**

Paper#: **14**

Instrument(s) Served: Pleading, **PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION**, and Discovery, **REQUEST FOR DISCLOSURE**

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____M; in person, a true copy of this citation with a true and correct copy of the pleading and discovery attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$ _____ County, Texas

**NO SHERIFF OR CONSTABLE
FEES COLLECTED**

By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____.

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____.

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant*

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

PAPER# 15
SPECIAL DELIVERY

COPY

TO: TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AN INSURANCE COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, CORPORATION SERVICE COMPANY, 211 EAST 7TH STREET, SUITE 620, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, and you are hereby served with a copy of Plaintiff's Discovery described below, to which you must file a written answer as required by law in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS STATE BANK

Plaintiff

VS.

MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON,
MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY,
SNOWBERRY SETTLEMENTS, LLC, A FOREIGN, NONRESIDENT
COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL
MANAGEMENT, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED
LIABILITY COMPANY, TRAVELERS BOND AND SPECIALTY INSURANCE,
AN INSURANCE COMPANY, TRAVELERS CASUALTY AND SURETY COMPANY
OF AMERICA, AN INSURANCE COMPANY, THE TRAVELERS INDEMNITY
COMPANY, AN INSURANCE COMPANY

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION

Pleading File Date: JULY 30, 2018

Discovery Requests: REQUEST FOR DISCLOSURE

Cause No: 2017-4071-5

NOTICE

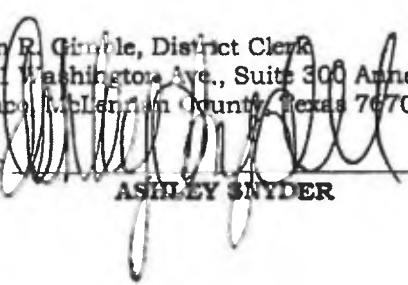
You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading and discovery, a default judgment may be taken against you.

The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: AUGUST 14, 2018.

ELIZABETH M. FRALEY
901 MAIN STREET
SUITE 6300
DALLAS, TEXAS 75202

Jon R. Cimble, District Clerk
501 Washington Ave., Suite 300 Annex
Waco, McLennan County, Texas 76701

By  Deputy
ASHLEY SNYDER

CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorneys for Plaintiff

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS STATE BANK VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, TRAVELERS BOND AND SPECIALTY INSURANCE, AN INSURANCE COMPANY, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AN INSURANCE COMPANY, THE TRAVELERS INDEMNITY COMPANY, AN INSURANCE COMPANY**

Cause No.: **2017-4071-5**

Court: **414TH JUDICIAL DISTRICT**

Paper#: **15**

Instrument(s) Served: Pleading, PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION, and Discovery, REQUEST FOR DISCLOSURE

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____M; in person, a true copy of this citation with a true and correct copy of the pleading and discovery attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy _____

Total \$ _____ NO SHERIFF OR CONSTABLE FEES COLLECTED _____ County, Texas
By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____
and having attempted on _____

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____.

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant"

CITATION

THE STATE OF TEXAS

Cause No: 2017-4071-5

COPY

PAPER# 16
SPECIAL DELIVERY

TO: THE TRAVELERS INDEMNITY COMPANY, AN INSURANCE COMPANY, DEFENDANT - BY SERVING ITS REGISTERED AGENT, CORPORATION SERVICE COMPANY, 211 EAST 7TH STREET, SUITE 620, AUSTIN, TEXAS 78701

GREETINGS:

YOU ARE HEREBY COMMANDED to appear before the Honorable District Court below, of McLennan County, Texas, at the Courthouse of said County located at 501 Washington Avenue in Waco, Texas, by filing a written answer with the Clerk of the Court, at or before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service of this citation, to the pleading described below, and you are hereby served with a copy of Plaintiff's Discovery described below, to which you must file a written answer as required by law in the cause number described below on the docket of said court, and styled,

PARTIES TO THIS ACTION ARE:

CITIZENS STATE BANK, A TEXAS STATE BANK

Plaintiff

VS.

**MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON,
MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY,
SNOWBERRY SETTLEMENTS, LLC, A FOREIGN, NONRESIDENT
COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL
MANAGEMENT, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED
LIABILITY COMPANY, TRAVELERS BOND AND SPECIALTY INSURANCE,
AN INSURANCE COMPANY, TRAVELERS CASUALTY AND SURETY COMPANY
OF AMERICA, AN INSURANCE COMPANY, THE TRAVELERS INDEMNITY
COMPANY, AN INSURANCE COMPANY**

Defendants

Court: 414TH JUDICIAL DISTRICT

Pleading: PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION

Pleading File Date: JULY 30, 2018

Discovery Requests: REQUEST FOR DISCLOSURE

Cause No: 2017-4071-5

NOTICE

You have been sued. You may employ an attorney. If you or your attorney does not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and the above pleading and discovery, a default judgment may be taken against you.

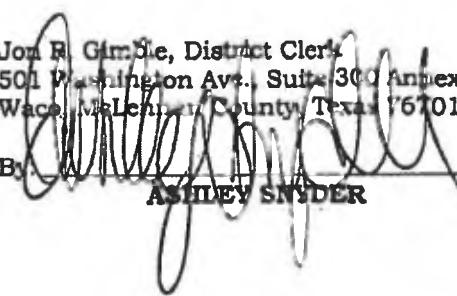
The officer executing this citation shall promptly serve the same according to requirements of law, and the mandates hereof, and make due return as the law directs.

ISSUED AND GIVEN UNDER MY HAND AND SEAL OF OFFICE, at Waco, McLennan County, Texas.
Issue Date: AUGUST 14, 2018.

ELIZABETH M. FRALEY
901 MAIN STREET
SUITE 6300
DALLAS, TEXAS 75202

CHRISTOPHER B. TROWBRIDGE
3232 MCKINNEY AVENUE
SUITE 1400
DALLAS, TEXAS 75204
Attorneys for Plaintiff

Jon R. Gimble, District Clerk
501 Washington Ave. Suite 300 Annex
Waco, McLennan County, Texas 76701

By:  Deputy
ASHLEY SNYDER

RETURN OF SERVICE

Style: **CITIZENS STATE BANK, A TEXAS STATE BANK VS. MICHAEL SCOTT LESLIE, A NONRESIDENT NATURAL PERSON, MONTAGE MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY, SNOWBERRY SETTLEMENTS, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, MORTGAGE CAPITAL MANAGEMENT, LLC, A FOREIGN, NONRESIDENT COLORADO LIMITED LIABILITY COMPANY, TRAVELERS BOND AND SPECIALTY INSURANCE, AN INSURANCE COMPANY, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AN INSURANCE COMPANY, THE TRAVELERS INDEMNITY COMPANY, AN INSURANCE COMPANY**

Cause No.: **2017-4071-5**

Court: **414TH JUDICIAL DISTRICT**

Paper#: **16**

Instrument(s) Served: **Pleading, PLAINTIFF'S THIRD AMENDED ORIGINAL PETITION, and Discovery, REQUEST FOR DISCLOSURE**

Came to hand on the _____ day of _____, 20____ at _____ o'clock ____ M. and executed on the _____ day of _____, 20____ by delivering to the party designated in the citation, to-wit:

at _____ o'clock ____ M; in person, a true copy of this citation with a true and correct copy of the pleading and discovery attached thereto, having first endorsed on such copy of said citation the date of delivery.

FEES: Serving one (1) copy

Total \$_____ County, Texas

**NO SHERIFF OR CONSTABLE
FEES COLLECTED**

By _____

NOT EXECUTED FOR THE FOLLOWING REASONS _____

and having attempted on _____.

"My name is _____ (First) _____ (Middle) _____ (Last), my date of birth is _____, and my address is _____.

I declare under penalty of perjury that the foregoing is true and correct. Executed in _____ County, State of Texas, on the _____ day of _____ (Month) _____ (Year)

(Signature) Declarant*